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# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

FBIS-EAS-94-246

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## Japan

### MOF 'Considering' Opening Pension Fund Market

OW2212062494 Tokyo KYODO in English 0607 GMT  
22 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—The Ministry of Finance [MOF] is considering effectively allowing investment advisory companies to enter into Japan's Public Pension Fund Market to meet U.S. deregulation demands, ministry officials said Thursday [22 December].

The move is expected to pave the way for a year-end agreement of financial service talks with the United States under the bilateral "framework" trade negotiations at a working-level meeting Dec. 28-29 in Seattle, the officials said.

The Japanese Public Pension Fund Market—the thorniest issue among the three major U.S. demands—is at present limited to insurance companies and trust banks.

The ministry has so far barred investment advisers from managing pension funds on the grounds that stock-centered investment of pension fund is risky, they said.

However, since Japan's Health and Welfare Ministry is also calling for the market opening, the ministry is considering a compromise proposal to indirectly allow investment advisory firms to take part in public pension fund management, they said.

The compromise is also under consideration ahead of Prime Minister Tomiichi Murayama's visit to the U.S. scheduled for early January, they said.

Finance Minister Masayoshi Takemura said at a press conference, "earlier settlement is very desirable, although we did not promise to conclude the talks within this year."

Takemura said his ministry is in negotiations with the Health Ministry over the fiscal 1995 budget plan, including the pension fund issue, but he declined to comment on the contents.

Under the Finance Ministry's proposal, a trust bank and investment advisory company will set up an "investment union," which will manage pension funds put up by the bank at the advisory firm's discretion, the officials said.

As the proposal is subject to approval of the Health Ministry which is calling for direct entry of investment advisers, however, the Finance Ministry may have to work out another compromise depending on negotiations between the ministries, they said.

As for the other two pending issues—securities operations and cross-border trading—Japan made new deregulation offers on investment trust funds and corporate pensions at the Tokyo session earlier this month.

With the year-end deadline, the U.S. side has threatened Japan with possible sanctions led by review of the most-favored-nation status.

### Impact of U.S. Midterm Elections Examined

952B0059A Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 18 Nov 94 p 31

[Article by Yukio Okamoto, president of Okamoto Associates and former Ministry of Foreign Affairs official: "Japan-U.S. Relations After U.S. Midterm Elections"]

[FBIS Translated Text] 1. The Republicans obtained a majority in both the Senate and the House of Representatives. Main posts have been occupied by the pro-free-trade moderates, and passing a new protectionistic bill has become difficult.

2. Pro-free-trade does not mean pro-Japanese. The demand by Congress that Japan open up its market may become stronger. The weakened Clinton administration cannot be expected to play the role of coaxing Congress.

3. The most serious concern is that the feeling toward Japan in the United States by the general public has completely cooled. The "disliking Japan" trend is becoming stronger even in the younger generation.

### Pro-Free Trade Does Not Mean Pro-Japanese

Democrats suffered a crushing defeat in the midterm election. From a bystander's point of view, though there have been many reasons, such as the question of the President's character, or that there were far more Democrats who resigned or were due for reelection, the greatest cause for defeat was that the image of President Clinton had changed since two years ago. Since the beginning of the 1980's, the American people had been converging toward the middle of the road and toward the course of moderation. President Clinton, too, was elected by emphasizing that he was a new Democrat with a realistic view, instead of a traditional Democratic candidate supported by labor unions and liberal activists.

However, he was unwise after he became President. He made mistakes in prioritizing policies, rather than in the contents of individual policies. He disappointed the voters by spending most of his energy on issues that had a liberal orientation, such as homosexuals in the military and medical reform, rather than on economic policy, which he had pledged to work on.

Aside from the cause of the Democrats' defeat, how will the characteristics of the 104th Congress, which has been established by the recent election, affect the Japan-U.S. relationship?

Republicans have gained a majority in both the Senate and the House of Representatives, and they have gained control of the seats of the chairmen of all standing committees. Examining the lineup, many are moderates who support free trade in economic policy. The posts of chairman of the Senate's Financial Committee and



Trade Subcommittee, which is under the Financial Committee, and the House's Revenue Committee and Trade Subcommittee, which is under the Revenue Committee, are expected to be assigned to Packwood, Glasley, Archer, and Crane. All of them are basically pro-free-trade. For example, Representative Crane, having advocated the concept of a Japan-U.S. free trade zone, is a leading pro-free-trade member of the Congress. Thus, passing the Uruguay Round implementation bill has become easier, and on the contrary, passing a new protectionistic bill has become difficult.

However, it would be too hasty to think that these factors will soften the critical atmosphere toward Japan in Congress. Pro-free-trade does not equal pro-Japanese.

Instead, it would be highly possible that they demand that Japan open up its market, taking responsibility in the free trade. Moreover, the majority of the new Republican congressmen, elected in the recent election, emphasize national interest first. Though there are many other aspects, generally speaking, the 104th Congress would become a bit more severe concerning the relationship with Japan.

How about the administration? Generally speaking, for the Japan-U.S. relationship, the stronger the administration the better, whether it is a Democratic administration or a Republican administration. The reason is simple. The administration, which actually has to manage the relationship with Japan, plays the role of "coaxing" Congress, which criticizes Japan without concealing the interests of their own constituencies. Naturally the stronger the administration, the more influence it can have on the Congress. Unfortunately we cannot expect the weak Clinton administration to play the role of "coaxing" the Congress.

Right now, the Japan-U.S. relationship is experiencing a brief tranquility. There are a few reasons for this. U.S. corporations, which are not able to enter the Japanese market, have begun to shift their main economic interest to Asian nations, such as China, India, and Indonesia. In addition, as Japan's structural problems and the examples of Japanese corporations' failure in direct investment in the United States becomes known, the fear of Japan is subsiding. Also, the American people's current interest is outside of trade friction.

However, this tranquility should be temporary. The economic framework talks have not been finished yet. Considering the difficult issues, such as that of low shipment of automobiles and parts, liberalization of financial services, and deregulation of the Japanese economy, negotiations are still only half done.

On the other hand, if the U.S. economic growth slows down, the dissatisfaction toward Japan will be reignited. With the combination of "the Democratic government's tax increase and the Republican Congress' restraint on expenditure" the financial deficit will decrease. On the other hand, with the combination of "the Democratic

government's expenditure increase and the Republican Congress' tax reduction" the financial deficit will increase. Judging from the Democrat's strategy for the next election (two years from now) and the Republican's "contract with America," the latter case may be highly possible.

If so, then the long-term interest will increase, and there may be pessimistic views concerning the future of the economy. Considering the expected lineup of the Senate's Diplomatic Committee chairman Helms and the House of Representatives leader Gingrich, there will be a stronger demand for countries, such as Japan, to shoulder more responsibilities concerning the international security issues. However, there is another matter I am more concerned about.

#### **Japan Revisionism Spreading to the General Public**

Talking to many people in the United States, I became discouraged. I feel that little by little Japan and the United States are beginning to drift apart in areas that are not visible. The bottom line is that the feelings of the general public toward Japan has completely cooled off in the United States.

Regardless of which country, the change in national sentiment on a daily basis does not seem substantial. That is why, while saying that the Japan-U.S. relationship will worsen, we have ignored the problem on a daily basis. However, the friction concerning the economic problem, which began to intensify in the early 1980's, has been reported every day on TV and in newspapers in the U.S., and in addition, noneconomic issues such as the Gulf war, have also increased emotional friction, and criticism against Japan has drastically worsened American people's feeling toward Japan.

The revisionism which the intellectuals in the United States had embraced is gradually being transferred to the general public. This movement is underlaid with the fact that, due to the end of the cold war structure, Japan and the United States have lost their common enemy.

Those who are involved in the Japan-U.S. relationship may deny this concern of mine. That is fine. However, I wonder if I am the only one who feels that a very cold feeling toward Japan is spreading among those who have nothing to do with Japan, who are the overwhelming majority of Americans.

It especially worries me that there is an increasingly strong trend of "disliking Japan" among the young generation. Under the current circumstances, Americans are not in a mood to celebrate next year's 50th anniversary of the end of World War II as the "50th anniversary of the beginning of a new Japan-U.S. relationship." These 50 years have been thought of as "50 years of Japan's one-sidedly making profits." It is not only the Americans whose feeling is cooling off. Japanese people's feeling of intimacy with the United States has been subtly changing. We cannot ignore the fact that the



feeling of defiance toward the United States is especially strong on the bureaucrat level.

Then, what should the two countries do?

The Clinton administration is very much responsible for not having given the intrinsic importance and the political priority to the Japan-U.S. relationship.

However, Japan is even more at fault. The most serious problem that Japan has is that its national purpose is unclear. We have been employing the easiest and applause-seeking policies and actions each time, without a consistent belief or ideology.

The domestic and overseas price difference, the exchange rate separate from the actual consumption power, the barrier for the new participants created by vested interests, the disparity in wealth between the salaried and the propertied, the imbalance between Tokyo and the provinces, the gap between the market price of stocks and their earning power, mass exports and small imports, etc., etc.... The basic problem of the Japanese economy is that no decisive measure has been taken by the country as a whole concerning the dual structure that has existed in various aspects.

Most of its economic policy-making was spent on how to respond to the subjects which the United States had set, and the Japanese policymakers had been content with merely dealing with the friction problem with the United States as a temporary measure, though reform truly necessary for the Japanese economy was not achieved.

#### **Enforcement of Principle of Decision by Majority Necessary for Reform**

Lack of ideology is apparent in the political world. Advocating reform, all parties insist on deregulation, welfare, safe society, decentralization of power, international contribution, and protection of the rights of minorities. It is easy to see that there are many contradictory factors in these pleasant-sounding goals.

For example, pursuit of a safe society will require regulation by bureaucrats. On the other hand, in order to deregulate, the principle of self-responsibility will become necessary. In order for reform to take place, enforcement of the principle of decision by majority will be necessary, instead of a society that is nice to all people. To raise the standard of welfare means a tax increase. If the market mechanism functions well, some corporations will be weeded out. Correction of the dual structure will be painful. There is no surgery that does not hurt. Actually, the future of the Japan-U.S. relationship depends on whether we can perform this surgery for the sake of Japan itself.

One last thing. It may be insignificant, but it is hard to ignore the bad affect the high yen rate is having. Due to the sharp increase in the cost of living in Japan measured in the dollar, the number of foreigners that visit Japan is decreasing.

I hear that the number of foreign students in Japan is also decreasing. Assuming that a tapering off of the Japan-U.S. relationship is occurring on the general public level, the decrease in number of these future pro-Japanese is an alarming problem. A plan is needed to drastically increase the number of students from other countries, including the United States. At least this plan is practical.

#### **Daiichi To Market U.S.-Made Computers 'Next Year'**

*OW2212040494 Tokyo KYODO in English 0156 GMT  
22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Daiichi Corp., the third largest consumer electronics store operator in Japan, has tied up with Comp USA Inc. to market the U.S. company's "Compudyne" brand personal computers on the Japanese market, starting next year, company officials said Thursday [22 December].

They said Daiichi, with headquarters in Hiroshima, will sell the computers in at least half of its 300 outlets across Japan.

It will also promote them through a new data service network using satellite communications which is planned to start in April, as well as on the Internet computer network, they said.

Daiichi is preparing to open several large-scale shops specializing in computers and computer peripherals within next year. Compudyne computers will also be sold at those stores, they added.

The selling point of the deal with Comp U.S.A., the Dallas-based operator of chain stores selling computers and high-tech equipment, is that the Compudyne models are substantially cheaper than those made by large computer makers, the officials said.

#### **Article Says Joint U.S. Security Pact in 'Crisis'**

*OW2212114394 Tokyo SANKEI SHIMBUN in  
Japanese 16 Dec 94 Morning Edition p 3*

[Last in three-part series entitled "Japan's Defense Capability Losing Its Substance"; this part written by editorial staffer Akihiko Ushiba: "Crisis in the Japanese-U.S. Security Arrangements—Self-Help Efforts Are Needed at First in Maintaining Joint Defense"]

[FBIS Translated Text] The Defense Agency [DA] took an unprecedented emergency measure in its budgetary request for FY 1995. It did not earmark about half of its spending for sharing the expenses of the U.S. forces stationed in Japan [USFJ]—and this spending is due to increase in FY 1995 under the Japanese-U.S. special agreement on the cost of stationing the USFJ.

Under the Japanese-U.S. special agreement, the Japanese Government has decided to bear the cost of the base



pay and all allowances of Japanese employees of the USFJ, as well as the electricity, gas, water, sewage, and heating costs incurred by the USFJ. Japan's share of these costs has increased in stages since FY 1991, and the percentage of Japan's share is due to increase from the current 75 percent to 100 percent in FY 1995.

To fulfill the promise, 24.3 billion yen [Y] will be needed in the next fiscal year. However, if the DA allocates this amount as a special case under the 0.9-percent growth rate of the requested defense budget, the Self-Defense Forces [SDF] will be unable to carry out its defense obligations. For this reason, the DA first included only Y11.8 billion in its budgetary request and intended to make up for the remainder by taking measures, including the compilation of a supplementary budget. This was the DA's last resort.

After all, this "cunning plan" was easily scrapped by strong reaction from the U.S. Government as well by as opposition from the Foreign Ministry and the Finance Ministry. However, the reason why the DA tried to boldly enter the "sacrosanct area" of expenses for the USFJ is well indicated by its budgets for the last several years.

Expenses under the special agreement gradually increased over the previous year: a Y15.8-billion increase in FY 1992; a Y24.4-billion increase in FY 1993; a Y24.1-billion increase in FY 1994; and a Y24.3-billion increase is expected for FY 1995, although the figure has not yet been decided on. On the other hand, expenses for maintaining and operating the SDF (current-year materials expenses), which are the core of the defense budget, increased slightly over the previous year: a Y9-billion increase in FY 1992; a Y15-billion increase in FY 1993; and only a Y2.7-billion increase in FY 1994. It can be said that while the top priority has been adhering to the agreement with the United States, less priority has been given to improving defense capabilities.

What happened to the SDF as a result of this has been discussed already [in referent items]. Because Japan's security is guaranteed by the two pillars—the SDF and the U.S. forces—it is only natural to attach importance to the U.S. forces. However, if, to support one pillar, the other has to shrink itself, it will become impossible to maintain the joint defense arrangements.

A Ground SDF lieutenant colonel reportedly felt extremely embarrassed when a U.S. official told him at USFJ Headquarters in Zama, Kanagawa Prefecture: "Is it true that the SDF's budget will be reduced to pay for expenses under the special agreement? I am afraid that by doing this, the morale of the SDF will be hurt." The weakening of the SDF is an issue to which even the allied forces cannot be indifferent.

The idea that the United States "will not support a nation that will not make efforts to help itself" has been the basis of the United States' security policies toward

foreign countries since the Nixon doctrine was enacted. There are even concerns in some quarters that the practicing of such an idea will gain further strength now that the Republicans have captured the majority in the Congress, and that the United States may turn the Japanese-U.S. security arrangements into an empty shell depending on Japan's response to the basis of the United States' security policy.

A DA senior official stressed: "To avoid such a situation, it is necessary to put expenses for bearing the costs of the USFJ into a different category from the defense budget or to return the defense budget itself to an appropriate size." However, the issue is whether or not this is possible under the current political situation. As was seen in exchanges over the FY 1995 budget, the issue concerning defense spending is not its content but rather the rate of increase compared to the budget for the previous fiscal year. Therefore, once the growth rate of the defense budget is held down "on an impulse," it becomes almost impossible to drastically increase the growth rate even if this is necessary. The Social Democratic Party of Japan obviously insisted on a 0.9-percent growth rate because it took into consideration the 0.9-percent increase decided on by the Hosokawa administration.

In the FY 1996 budget, expenses for making deferred payments for already-purchased equipment and materials are due to increase by Y96.8 billion. Because this amount equals 2 percent of the budgetary request for FY 1996, the DA needs to secure at least more than a 3-percent increase in the budget in view of such factors as an increase in personnel expenses. If this is not done, Japan's defense capability will weaken at a rate equal to that of a person tumbling down a steep slope.

There is a gap between a 0.9-percent growth rate and a more than 3-percent growth rate. Is there any politician in Japan at present who has the beliefs, courage, insight, and responsibility to try to fill the gap regardless of possible criticism that "there has been a sharp increase in defense spending" and that Japan would then "become a military superpower?"

The hollowing out of the defensive capability is closely related to the hollowing out of politics.

#### **Murayama Says Government To Promote Deregulation**

*OW2212105194 Tokyo KYODO in English 0940 GMT 22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Prime Minister Tomiichi Miyazawa said Thursday [22 December] his government will quickly deal with structural changes in the economy and promote a relaxation of regulations which restrain creativity in business.

Murayama made the remark at an annual board of councillors meeting of the Federation of Economic Organizations (Keidanren) which Finance Minister Masayoshi Takemura also attended.



Concerning the current political situation, Takemura said the Japanese [words indistinct] is in a transitional period which will allow the Liberal Democratic Party and Social Democratic Party to bring about big changes in the future, calling for businesses' support for the ruling coalition.

Meanwhile, Hiroshi Saito, who chaired the meeting, told Keidanren Chairman Shoichiro Toyoda and other business executives that the federation should urge the government to take measures to correct the yen's excessive rise.

Toyoda said Keidanren will promote deregulation and make 1995 a year of advance for the Japanese economy.

#### **Panel on Deregulation, Price Gap Correction**

*OW2212105494 Tokyo KYODO in English 1020 GMT 22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—The Japanese Government needs to carry out deregulation and try to open up markets in order to correct the price gaps between Japan and the rest of the world, a report by a government panel said Thursday [22 December].

The report released by the committee in charge of studying Japan's price structures pointed out that the price gaps between Tokyo and New York and other foreign cities have widened in the past year.

For instance, in November 1993, prices in Tokyo were 1.41 times as high as those in New York. But the gap expanded to 1.57 times in September this year after computing overall price increases and foreign exchange rate fluctuations.

Likewise, Tokyo prices were 1.54 times higher than those of London in September this year, compared with 1.46 times in November last year.

Also, Tokyo prices were 1.42 times as high as those of Paris and Berlin this year. The comparable year-earlier figures were 1.36 and 1.38 times, respectively, the report said.

The report attributed the price gaps [to] Japan's restriction of imports and various regulations, as well as the recent sharp rise of the yen against foreign currencies.

It also pointed out that Japanese personal incomes and personnel costs are higher than those of other nations, contributing to the growing price gaps.

Although the report basically urges the government to relax various regulations, it ruled out drastic measures to halve the price gaps right away as such moves would not be effective.

Meanwhile, the panel's subcommittee released a report on price gaps in the housing industry.

If housing construction costs fell to two-thirds of the current level by fiscal 2000, the report said, Japan's gross

domestic product would be pushed up by 3 percent due to the growth in housing starts.

The report attributed the high cost in Japan to low productivity on the construction site and the high price of building materials.

To build a single house costs two times higher than in the United States, it said.

The delay in the standardization of housing-related facilities and regulations which restrain competition have brought on such higher prices in Japan, it said.

#### **APEC Summit Set for 19 Nov 1995 in Osaka**

*OW2212043394 Tokyo KYODO in English 1211 GMT 22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Asia-Pacific leaders will hold an informal summit meeting in Osaka on Nov. 19 as part of 1995 events sponsored by the Asia-Pacific Economic Cooperation (APEC) forum, the government announced Thursday [22 December].

Ministerial meetings of the 18 countries and territories in the APEC region are also scheduled for two days from Nov. 16, it said.

As next year's APEC host Japan is in charge of coordinating procedures for the 1995 APEC round of talks.

The informal meeting of APEC leaders in Osaka will be the third of its kind to be held, following those in Seattle in 1993 and in Bogor, Indonesia, this year.

APEC ministerial meetings have been held six times in the past, with the Indonesian gathering being the latest session.

The Bogor meeting issued a declaration in which APEC leaders confirmed unity in their goal of transforming the world's most booming market into a free trade zone by 2020.

"Japan is charged with the important task of setting concrete action plans before the Osaka meeting in line with ideas set forth at the Indonesian session," International Trade and Industry Minister Ryutaro Hashimoto said.

"The task is not easy but my ministry will do its utmost, along with other ministries and agencies concerned, in order to achieve it," Hashimoto told a news conference.

At a separate press conference, Foreign Minister Yohei Kono expressed the hope that freer trade accords among APEC members will be further advanced at the Osaka gathering, as it will be held in the year marking the start of the World Trade Organization (WTO).

#### **'No Plan' To Invite Taiwan**

*OW2212051894 Tokyo KYODO in English 0452 GMT 22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Japan has no plan to invite Taiwan President Li Teng-hui to the meetings in Osaka of the Asia-Pacific Economic Cooperation (APEC) forum slated for November



1995, Chief Cabinet Secretary Kozo Igarashi said Thursday [22 December].

Igarashi told a press conference that the Osaka APEC meetings will be convened in accordance with the protocols adopted by the meetings in Seattle last year and in Bogor, Indonesia, this year. Li was not invited to either of the meetings.

Prime Minister Tomiichi Murayama expressed a similar view in a meeting with Chinese President Jiang Zemin during this year's APEC conference in Indonesia.

Taiwanese officials have expressed the hope that Li will be able to take part in an informal summit of the APEC leaders in Osaka.

Tokyo found itself in a diplomatic quandary when China protested angrily against a plan to invite Li to the Asian games in Hiroshima in October. The plan was later dropped.

The cabinet approved earlier Thursday the plan for hosting the 1995 APEC meeting in Osaka.

Igarashi released a statement saying it is significant that such an important and large-scale international conference will be held in a city other than Tokyo.

#### **Impact of Visit by Russia's Soskovets Viewed**

*OW2212110094 Tokyo SHUKAN DAIYAMONDO in Japanese 17 Dec 94 pp 12-14*

[Article by Tadashi Sugimoto, senior researcher of the Japan-Russia Business Cooperation Committee, and Tetsuo Sugano, director of the Russia and East Europe Division of the Bank of Tokyo: "There Are Many Reasons To Say That the Recent Visit to Japan by Russian First Deputy Prime Minister Oleg Soskovets Was Successful"]

[FBIS Translated Text] Most Japanese newspapers sharply criticized the recent visit to Japan by Russian First Deputy Prime Minister Oleg Soskovets, complaining that political issues were completely neglected. If that was so, what kind of issues did the two countries discuss while Soskovets was in Japan?

Until recently, Japan maintained a rigid policy toward Russia, saying that economic and trade issues would not be discussed as long as there is no progress in the long-standing dispute over the four Russian-held islands off Hokkaido.

Seen from an economic viewpoint, this policy was not fair. The government has become aware of this fact, and decided to shift its policy. Although Soskovets is the "No. 3 political figure" in Russia, he is not strong in dealing with political issues. He is, in fact, the main man in charge of Russian economic affairs. We believe that the government decided to invite such a high-ranking official from Russia because it has duly recognized that both political and economic ties are important parts of

bilateral relations. This is why the two countries discussed both political and economic issues while Soskovets was in Japan. On the political front, Japan and Russia reconfirmed that they would continue making efforts to settle the territorial dispute in accordance with the Tokyo Declaration, which was issued when Russian President Boris Yeltsin visited Japan in 1993. The two countries also agreed to launch formal talks concerning the repeated firing by Russian border-patrol vessels on Japanese fishing boats operating in the disputed waters off Hokkaido. On the economic front, the most important achievement was the signing of an agreement to set up a bilateral cabinet-level commission to discuss a host of trade and economic issues.

Russia and G-7 countries other than Japan have frequently held summit meetings to discuss economic and trade issues. It is obvious that these summit talks are not to be compared with the series of deputy-ministerial meetings that were held in the past between Japan and Russia. Japanese and Russian companies will not be eager to do business with each other as long as Tokyo and Moscow do not manifest their willingness to expand economic relations.

Generally, the private sector should play a leading role in promoting economic ties. Unfortunately, economic contacts between Japan and a country like Russia, which is still in a transitional stage, cannot be increased without the help of both governments. It seemed that Soskovets's primary object was to reach an agreement with Japan for the creation of an organization similar to the U.S.-Russian Governmental Economic Commission, which brought about a sharp increase in Russia's two-way trade with the United States.

Since last year, Japan and Russia have been making efforts to improve their relations. This is why the Russian side readily accepted the invitation extended by the Japanese Government to its first deputy prime minister. The two countries expected that Soskovets's official visit to Japan would help resolve several issues that could not be settled at the deputy-ministerial level.

We should highly appreciate that Japan and Russia have decided to discuss a host of problems affecting the development of economic relations, such as the improvement of Russia's trade and investment environment, promotion of economic assistance to Russia, and implementation of industrial projects, at the deputy-prime-ministerial level.

During his visit to Japan, Soskovets also had talks with Shoichiro Toyoda, chairman of the Japan Federation of Economic Organizations [Keidanran], and Jiro Kawake, chairman of the Japan-Russia Business Corporation Committee, which is a nongovernmental organization under joint supervision by Keidanran and the Japan Chamber of Commerce and Industry. These meetings were very significant, as Soskovets and the Japanese business leaders recognized the need to promote dialogue between Japanese and Russian economic circles.



### **Prior Liaison Efforts Paid Off**

In fact, Kawake went to Russia just before Soskovets's official visit to Japan, in order to exchange views with Russian senior officials, parliamentary leaders, and business executives. While in Moscow, Kawake met Soskovets and his Russian counterpart, A.I. Volsky, of the Russia-Japan Business Corporation Committee. In other words, the Japanese and Russian sides had an opportunity to fully discuss ways to increase bilateral trade and investment prior to Soskovets's visit to Japan. Kawake's visit to Russia was very helpful to Japanese Government officials, who were considering economic issues to be the main topics for discussion with Soskovets.

The two big obstacles in increasing economic contacts were the large Russian debts owed to Japanese companies, and the delay in implementing the fourth forest development project, which was signed by the two countries a long time ago. Japan and Russia were able to break the deadlock over these issues during Soskovets's visit to Japan, because Russia had advance knowledge of the Japanese Government's intention, thanks to Kawake.

Progress was also made regarding the promotion of a project to develop an oil field off Sakhalin, as Russia agreed to revise its regulations to smooth Japan's participation in the project.

Japan reconfirmed an Export-Import Bank loan program it had previously promised as part of its economic assistance to Russia. The two countries also agreed to hold talks concerning the extension of Japanese official trade insurance for an industrial project. Japan also informed Russia that it may provide additional loans for projects to be implemented in the Russian Far East by using another Export-Import Bank loan program, which was originally intended to be used for humanitarian assistance.

All these agreements reached between the two countries during Soskovets's visit to Japan will encourage bilateral trade and investment.

### **Japanese Experience Is Helpful in Promoting Russia's Economic Reform**

Another achievement was Japan's pledge to support Russia's bid to become a member of such international organizations as the General Agreement on Tariffs and Trade, which will soon be replaced by the World Trade Organization, and the Asia-Pacific Economic Cooperation forum. Japan passed fair judgment, as Russia's isolation is disadvantageous to the entire international community. Besides, Russia itself is extremely eager to join the world economic system.

Russia's participation in the APEC forum will help stabilize the situation in the Russian Far East. Its admission to various international organizations will also help promote political, economic, and social reforms.

Japan also reconfirmed that it will encourage Russia's economic reform by making good use of its experience and knowledge. Japan plans to provide its know-how to help Russia formulate an industrial policy to promote exports, privatization, and assistance to small and mid-sized businesses through structural reform.

Until now, Russia has been implementing economic reform following the American manner. Unfortunately, the American method did not prove successful. Moreover, it is a matter of common knowledge that it even plunged Russia into greater confusion.

Russia is now formulating a medium-term economic reform program. The existing economic policy, which is characterized by government nonintervention in economy, is expected to be revised, as people have begun to rediscover the importance of government control, namely administrative actions. Russia needs to quickly reform its current system.

About 200 bills are being deliberated in the current session of the Russian Parliament. About one-third of the bills are related to the economy. Russia is working out effective measures to attract foreign investment. It is also trying to implement tax reform, to clarify local governments' authorized limits of powers, to work out measures to promote capital spending, and to formulate an energy policy.

All these measures are aimed at stabilizing the economic situation. It is very important for Russia to improve its tax system and revise its law, in order to promote foreign companies' activities in Russia. Russia should put an end to its continuous political strife. It should devote itself to carrying out definite policies. As Japan's economic development was achieved through cooperation between the government and the private sector, we believe that Japan's advice based on its own experience will be helpful to Russia in formulating an effective economic policy.

Many Russian government officials share the same view that Japanese assistance is indispensable to Russia's economic reconstruction. For instance, a "Japan Center" is now under construction in Russia, with the help of the Japanese Government. Moreover, the government has already begun to provide its know-how concerning privatization, banking business, trade, and investment, through personnel exchanges. It is also assisting Russia in restructuring its model companies.

Russia is also asking Japan for economic assistance, in order to convert war industries into peace industries, and to promote research and development. It also wants Japan to provide technical assistance in various areas, such as resource development and seafood processing. Japan should promptly examine the possibility of extending such assistance to Russia.



### **Japan Should Make a Prompt Decision, as Both Countries' Good Faith and Real Motives Are Put to Test**

There is no doubt that Soskovets's visit to Japan has helped create a basis for the development of economic relations between the two countries. Nevertheless, many Japanese business leaders say it is still premature to think that economic contacts between the two countries will be immediately increased following Soskovets's successful visit to Japan. As the first bottleneck in economic relations is expected to be removed thanks to an agreement to reschedule Russian debt owed to Japanese companies, it is certain that the Japanese Government and the private sector will now call for the improvement of Russia's trade and investment environment.

Meanwhile, European and American firms are not wary of doing business with Russia, although the conditions are the same for all foreign companies willing to trade with the country. It seems that Japan is the only nation making unreasonable demands one after another on Russia. Japanese economic circles have maintained that they will increase business with Russia only if the Russian side meets its past engagements. Therefore, we think it is unreasonable to level new demands on Russia, once a solution to settle Russian debt owed to Japanese companies is found.

Everyone expects his country to remain stable politically and economically. Therefore, Russia will certainly regain its stability sooner or later. Is Japan going to maintain a wait-and-see attitude until Russia becomes stable? We rather think it is time for Japan to make a prompt decision to extend its economic ties with Russia.

Chilly economic relations between Japan and Russia still remain unchanged, as Japanese exporters and investors continue to be inactive. Small and middle-sized companies, as well as local companies, which are specializing in trade with Russia, are now having difficulties, while major companies are reducing their departments in charge of trade with Russia. However, Russia's chaotic state does not seem to be the only cause of the Japanese companies' unwillingness to do business with Russia, when we consider that European and American firms are increasing trade with this country. A decade ago, when the state of Japan-Russia relations was almost the same as it is now, various Russian projects were, in fact, implemented in cooperation with Japanese companies.

It seems that political relations between Japan and Russia were never based on the realities of life. Until now, there were only theories that went unchallenged. This is why the territorial dispute became too complicated. Japan should take care not to repeat this mistake when trying to improve its economic relations with Russia. During Soskovets's visit to Japan, many Japanese and Russian officials pointed out that the current state of bilateral trade and investment does not reflect both countries' economic potential.

There is no doubt that there is still a long way to go toward a complete normalization of political and economic relations between the two countries. The territorial dispute became too complicated because of wrong approaches made by both countries. It is not possible to immediately break the deadlock over this issue.

But at least, the first step has been taken in the direction of "expanding both political and economic relations in a well-balanced way," as it was repeatedly stated in the joint economic communique issued during Yeltsin's visit to Japan in 1993. Economic relations between Japan and Russia have now entered a new phase, following Soskovets's successful visit to Japan. It is necessary for Japan's concerned ministries to coordinate their views in order to efficiently promote economic contacts between the two countries. Cooperation between the government and the private sector is also indispensable, so that economic cooperation is increased effectively within the bounds of possibility.

The Japan-Russia Business Corporation Committee has maintained contacts with its Russian counterpart for 30 years. Both committees will give full play to their potential capacities, once they can enrich their experience and know-how under the new bilateral framework.

It is quite normal for Japan to emphasize economic cooperation in the Russian Far East, which is close to Japan. Nevertheless, Japan should not fail to notice the attractive assets of other regions, such as Western Siberia, and European Russia, which includes a densely populated manufacturing district.

### **French Firm To Ship Radioactive Waste to Japan** *OW2212113594 Tokyo KYODO in English 0945 GMT 22 Dec 94*

[FBIS Transcribed Text] Paris, Dec. 22 KYODO—The French state-owned nuclear fuel company Cogema has almost finished preparations for shipping high-level radioactive waste back to Japan in February, Cogema Vice President Jean-Louis Ricaud said Thursday [22 December].

All the necessary procedures for the shipment will be finished in January, Ricaud told KYODO NEWS SERVICE.

The waste has been placed in a container and is waiting for shipment to Rokkasho in Aomori Prefecture, northern Japan, the site of a government-funded nuclear fuel recycling complex, including high-level radioactive waste storage, he said.

It will be the first shipment to Japan of nuclear waste left over from spent Japanese nuclear fuel after recycling under an agreement between the Japanese electric power industry and Cogema.

The waste will be mixed with glass and shipped in the form of 28 solid components in a cask.



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Although the nuclear waste to be shipped is not viewed as tempting to terrorists because it cannot be used to make nuclear weapons, the plan has drawn fire from environmental organizations which question the safety of the highly radioactive material.

Philippine Foreign Minister Roberto Romulo issued a statement on Tuesday saying his country will not allow the ship to pass through its territorial waters.

One of three 5,000-ton class special vessels for transporting nuclear waste will be used, according to Bernard Lenail of the Cogema recycling plant.

The first shipment represents less than 1 percent of the total nuclear waste to be eventually delivered to Japan. The agreement calls for shipment of some 3,000 casks.

Ricaud gave assurances about the safety of the cargo, saying the cask fulfills the international standards revised in 1993.

As well as France, Britain is also currently recycling spent nuclear fuel for Japan.

The nuclear waste recycled by France will be transported to Rokkasho in 10 to 20 shipments over the next 10 years, according to Ricaud.

#### **Ambassador on DPRK Reactor Conversion Plan**

*OW2112142794 Tokyo ASAHI SHIMBUN in Japanese  
21 Dec 94 Morning Edition p 7*

[Interview with Ambassador Tetsuya Endo by unidentified ASAHI SHIMBUN correspondent; place and date not given; first paragraph is ASAHI SHIMBUN introduction]

[FBIS Translated Text] We have interviewed Ambassador extraordinary and plenipotentiary Tetsuya Endo, who represented the Japanese Government at the Japanese-U.S.-ROK talks [on the issue of converting the DPRK's graphite-moderated nuclear reactors to light-water reactors].

[ASAHI SHIMBUN] It has been agreed that efforts will be made to set up the Korean Energy Development Organization [KEDO] in February 1995. Can you explain the process that will be involved?

[Endo] While technical aspects will be finalized in discussions between experts, it may be necessary to hold ambassador-level talks a number of times. Japan, the United States, and the ROK will jointly urge as many countries as possible to participate in the KEDO.

[ASAHI SHIMBUN] It seems that a final decision was not made on determining which country is to bear how much of the total cost of the nuclear reactor conversion project, of which building nuclear reactors alone will reportedly cost \$4 billion. How do you feel about that?

[Endo] This time, the talks did not touch on money-related matters. The reported figure refers to how much

it would cost to build such reactors in the ROK. The total cost cannot be calculated until inspections of the actual construction sites have been carried out. We plan to ask contributions from major industrialized nations, China, Russia, and other countries. Their contributions may come in such forms as providing crude oil and other supplies or offering technological support, among other types of cooperation.

[ASAHI SHIMBUN] Japan's participation will require the approval of the Diet. What are the prospects for this?

[Endo] At this time, I cannot make any comments because it all depends on the contents of the agreement on setting up the KEDO.

[ASAHI SHIMBUN] Some questions have been raised concerning it being considered a matter of fact that Japan should naturally make huge donations toward the project. How do you feel about that?

[Endo] I feel that the latest U.S.-DPRK agreement was the most feasible option under the given conditions. We hope to gain the people's understanding and cooperation from a global overview involving not only security matters in the Northeast Asia region but also a nuclear nonproliferation framework.

#### **PRC Loans Linked to Beijing's Nuclear Policy**

*OW2212100894 Tokyo KYODO in English 0954 GMT  
22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Japan pledged official yen loans to China on Thursday [22 December] totaling 580 billion yen for the fiscal 1996-1998 period, Foreign Ministry officials said.

Japanese and Chinese Government officials agreed on the amount of the new set of loans during two days of talks at the Foreign Ministry which ended earlier in the day, the officials said.

Unlike previous sets of loans announced by Japanese prime ministers during their trips to China, it is not yet decided whether there will be any signing ceremonies between the leaders of the two countries on the latest aid, they said.

The loans, which will cover 40 projects, are for the first three years of Japan's fourth set of loans to China for the fiscal 1996-2000 period. The amount for the latter two-year period will be decided in future negotiations.

Japan has been extending loans to China since 1979.

In a departure from the past loans that focused on beefing up social infrastructures such as port facilities, railroads and dams, the new package gives priority to projects aimed at improving the environment, agriculture and projects in inland China to narrow economic gaps with coastal regions, the officials said.



China initially asked for 1.4 trillion yen for 69 projects for the 1996-2000 period. But it later lowered the request to 700 billion yen for 46 projects for the three-year period of 1996-1998.

Japan has "considered various factors," including China's two nuclear tests this year and the contents of the proposed projects, in deciding the amount of the yen loans, the officials said.

The latest package of loans, which translates into an average of some 190 billion yen a year, is some 40 percent more than the average 135 billion yen under the third set of yen loans between fiscal 1990 and 1995. Japan furnished 810 billion yen for the five-year period.

The specific conditions for the disbursement of the latest loans will be ironed out after further discussions, but it is expected to be a 30-year loan with a grace period of 10 years and an annual interest rate of 2.6 percent.

In the two-day negotiations, Hiroshi Hirabayashi, the head of the Japanese delegation and director general of the Foreign Ministry's Economic Cooperation Bureau, referred to Japan's guidelines in extending official development assistance (ODA) in connection with China's testing of nuclear weapons, the officials said.

Hirabayashi voiced concern that China's nuclear tests could adversely affect the Japanese public's understanding and support for loans to China, explaining that there are strong views among the ruling coalition parties and the public that Japan's ODA charter should be strictly implemented when extending economic aid.

The ODA charter hammered out in 1992 stipulates that Japan will take into account the aid recipient's military spending, possession of mass-destruction weapons and arms exports.

The Chinese side replied that China understands Japan's sensitiveness over the issue, but that it opposes the linkage of "political conditions" to extension of ODA, the officials said.

A top Foreign Ministry official said he thought the amount of the loans was right for obtaining the Japanese public's understanding and that it is important for Japan to help the economic development of its neighbor, China.

Among the 40 projects, 27 are for inland China, 15 are environment-related, six are for areas where minorities are residing and five are agricultural projects.

Environmental projects include those aimed at tackling air pollution, acid rain and introducing equipment to remove sulfuric acid from thermal power plant emissions.

#### **Tokyo Grants PRC 580 Billion Yen in Loans**

*OW2212053494 Tokyo KYODO in English 0449 GMT  
22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Japan and China agreed Thursday [22 December] that

Tokyo will extend loans totaling some 580 billion yen to Beijing for the fiscal 1996-1998 period, Japanese officials said.

Japanese and Chinese Government officials struck a deal on the amount during two-day talks held in Tokyo until Thursday, and the agreement will be officially announced later in the day, they said.

The planned loans will cover 37 or 38 projects including air pollution and acid rain prevention, as well as improvement of water supply systems in China, they said.

The loans are for the first three years of Japan's fourth set of official yen loans to China, which will be extended between fiscal 1996 and 2000.

Beijing had requested 700 billion yen, but Tokyo has offered 580 billion yen because of Japan's tight budgetary situation, they said.

The previous three sets of loans focused on projects to strengthen China's social infrastructure, such as port facilities, railways and dams.

#### **Mitsubishi Sets Up Joint Venture With PRC Ministry**

*OW2112150394 Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 21 Dec 94 Morning Edition p 13*

[FBIS Translated Text] The Mitsubishi Corporation recently set up a joint venture firm in Shanghai to engage in trade, leasing, and other businesses, in splitting the investment involved with the Chinese Ministry of Railways. Mitsubishi plans to import communications and railway signal systems, construction machinery, and other goods from its trading partners in Japan, the United States, and European nations. It then plans to sell these items to railway management bureaus throughout China. At the same time, the company plans to export to Japan and other countries freight containers and freight cars manufactured at factories operated by the Chinese Ministry of Railways. Mitsubishi also hopes to build comprehensive, cooperative ties with the Ministry of Railways. For example, the company plans to cooperate with the ministry in railway plants transactions in third countries.

The new joint venture firm, called the Shanghai Tieying International Trading Corporation, is capitalized at \$500,000. In addition to its main business of trading, the new firm will lease construction machinery to local railway management bureaus and provide railway transportation services to foreign-affiliated companies in China. The firm hopes to bring in approximately \$16 million in annual sales in its first year, and it has set the goal of bringing in at least \$100 million annually by its fifth year.

Because the Chinese Ministry of Railways has continued to extend the nation's railways at the rate of 3,000 km per year, there is a huge demand for building materials



and equipment. The ministry also employs 3.5 million-3.6 million workers to whom Mitsubishi expects to sell consumer goods, among other things. The company has decided to set up the joint venture firm based on such prospects. Mitsubishi also plans to provide the Ministry of Railways with advanced technology such as a system for diagnosing aged bridges.

The ministry intends to take advantage of Mitsubishi's network of trading partners to export to foreign countries products made at its factories. It has already begun the trial manufacture of freight containers based on Japanese standards. Moreover, the ministry reportedly believes that Mitsubishi, in its capacity as a trading house, will help contribute to the procurement of building materials and equipment and the introduction of know-how regarding the construction of railway stations and buildings, among other things.

There is also a plan to set up in Beijing a branch office of the joint venture firm. Recently, an exclusive company booth has been secured at a large-scale exhibition hall which has just been opened in Shanghai. The new joint venture firm plans to launch its business activities from these and other operational bases.

#### **Tokyo Delivers 'Emergency' Rice Aid to Cambodia**

*OW2112150794 Tokyo KYODO in English 1445 GMT  
21 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO — Japan on Wednesday [21 December] delivered a first batch of emergency rice aid to Cambodia to help the nation combat the effects of floods and a subsequent dry spell that has afflicted the population since August, officials said.

The aid, which was delivered to World Food Program warehouses in Phnom Penh, consisted of 9,500 metric tons of Thai-produced rice worth 300 million yen, the officials said.

Cambodia said it faces a shortage of 300,000 tons of rice to meet its needs for next year.

The Japanese action followed a similar announcement on Dec. 16 by the Australian Government that it was giving 10,000 tons of Australian-produced rice.

#### **Tax Breaks Urged To Boost Foreign Investment**

*OW2212100194 Tokyo KYODO in English 0833 GMT  
22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Japan should offer tax breaks to encourage foreign direct investment, which lags far below that of other major economies, the Japan External Trade Organization (Jetro) urged Thursday [22 December].

With just a fraction of the direct investment made by foreigners in the United States or Britain, Japan should

adopt the kind of detailed tax incentives offered by countries and even regions in the U.S. and Europe, the government-affiliated trade promotion organization said in its 1995 white paper on investment.

It cited as an example U.S. foreign trade zones in which companies are allowed to choose between the lower of tariffs on raw materials and processed goods.

Bringing Japan more into line with other countries, Jetro said, would diversify consumer services through more competition, bring Japan's prices down closer to overseas levels and expand employment by promoting new industries.

As foreign firms tend to import to Japan more than they export, increased direct investment would help curb Japan's trade surplus, it said.

Newly reported foreign direct investment in Japan sank 25 percent for the fiscal year which ended in March from the previous year to 3,078 million dollars, pummeled by the high yen and domestic recession, the report said.

The drop continued a slide from the fiscal 1991 peak as investment was particularly inhibited by such structural factors as the yen's effect in pushing up personnel and land costs in terms of overseas currencies, it said.

The decline also aggravated Japan's already extremely low balance of direct foreign investment compared to other countries.

Jetro noted that Japan's total of 16.9 billion dollars in foreign investment on a balance-of-payments basis as of the end of March was one-26th that of the U.S. as of the end of 1992 and one-12th that of Britain.

Whereas Japan has 15.4 times as much direct investment abroad as foreign investment at home, U.S. external investment is just 1.2 times the foreign investment within the country and the figure for Britain is 1.3, the report said.

#### **Komatsu Airport Designated Import-Promotion Zone**

*OW2212122594 Tokyo KYODO in English 1014 GMT  
22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—The Ministry of International Trade and Industry (MITI) said Thursday [22 December] it has designated the Komatsu airport in Ishikawa Prefecture, central Japan, as an import-promotion zone.

Komatsu on the Sea of Japan coast is the 13th area to be given the status of foreign access zone, an area eligible for government support for import promotion.

MITI said industrial infrastructure in the Komatsu airport and its vicinity will be upgraded in line with a temporary law enforced in 1992 as a means to stimulate exports and foreign investment in Japan.



The amount of air cargo imports handled at the Komatsu airport is expected to expand to 8,500 tons in the year 2000 from 93 tons in 1993, MITI said.

The 12 other foreign access zones are seven prefectures—Osaka, Ehime, Nagasaki, Hokkaido, Hiroshima, Yamaguchi and Oita—and five cities—Osaka, Kobe, Kitakyushu, Kawasaki and Yokohama.

### **Banker, Business Leader on Economic Future**

*OW2212122394 Tokyo MAINICHI SHIMBUN in Japanese 13 Dec 94 Morning Edition p 9*

[Interview with Bank of Japan Governor Yasushi Mieno and Ushio Inc. Chairman Jiro Ushio by Koji Hashimoto, chief of the Economic News Department of MAINICHI SHIMBUN; first in three-part series entitled "Talking About the Japanese Economy"—place and date not given; first paragraph is MAINICHI SHIMBUN introduction]

[FBIS Translated Text] The Japanese economy is now entering the phase of recovery after bailing out of a prolonged recession at last. Nonetheless, the aftermath of the bubble economy has lingered to the present day and the pace of the economic recovery is still slow. There are a host of issues that Japan must resolve and they include the hollowing out of industry caused by the appreciated yen, the structural shift from the export-oriented economy to an economy driven by domestic demand, employment, and the issue of restructuring the economy. MAINICHI SHIMBUN has interviewed Bank of Japan Governor Yasushi Mieno and Ushio Inc. Chairman Jiro Ushio to ascertain their views on how the Japanese economy should be rebuilt.

[Hashimoto] Many are deeply concerned about the future of Japan in the aspects of technology and production. What are your comments?

[Ushio] It is almost impossible that Japan will continue its past high growth. In the past ten years, the yen appreciated from 250 yen per dollar to around 100 yen per dollar. It is good that Japan's currency became stronger, but what is at issue is that the yen appreciated by as much as 20 yen to the dollar over the past one or two years, causing apprehension within the Japanese business community about their ability to deal with the appreciated yen.

In addition, changes have been taking place in the structure of the Japanese economy since 1985, and those changes mean a shift from production to service and information, and another shift from exports to the expansion of domestic demand. The bubble economy, however, set back the trend of these changes. The bubble economy played a key role in boosting business performance, thereby leading business executives to misunderstand that their conventional way of doing business is correct. As a result, things that had to be changed have been left intact.

[Mieno] I cannot agree with the pessimism about the future of Japan's economy. At present, many are talking about the hollowing out of the manufacturing industry, and it is certain that the hollowing out has been caused by the appreciated yen. But the hollowing out of the manufacturing industry has not begun abruptly. The hollowing out, or the relocation of production by the manufacturing industry to foreign nations, has been underway for a long time.

In the short run, the relocation of production by the manufacturing industry to other nations will entail considerable pains, including the pain of laying off employees. In the long run, however, this move means that the international division of work has been taking place where the Japanese manufacturing and assembly of labor-intensive parts are moved to other Asian nations and capital goods necessary to manufacture the parts and precision parts are manufactured in Japan.

This international division of work will benefit not only the Asian economy, but the world economy. The Japanese economy is entering a new development phase while building a more efficient production system. I, therefore, believe that the relocation of production by the manufacturing industry to other nations is not the process of hollowing itself out, but the process of sophisticating itself.

[Ushio] I agree with your views. What is at issue is that costs in Japan are so high that Japanese industries are unable to weather their hollowing out and produce high-value-added goods for their survival. The primary cause of the high costs are wages. The wages keep prices sky high. If Japan's average wage is set at 100, that of the United States is 50 and that of Europe is 30. The average wage of Asian nations would be five or three. These wage differentials are extremely wide in denomination of the dollar. Efforts have to be made to narrow the price differentials between Japan and other industrial nations. In order for Japanese industries to manufacture and produce goods freely both in Japan and in other Asian nations, the current regulations must be relaxed. If the regulations are relaxed, the Japanese industries will be able to survive while moving their production offshore.

[Mieno] Japan's economic policies should create a climate for the market economy to reform itself. If they fail to create that climate, nothing can be done. The bold relaxation of regulations is needed to create such a climate and Japan should aim to build a highly open market and economy. It is also important that the government and the Bank of Japan stabilize the climate for macroeconomic development.

[Hashimoto] While prices in Japan are still high, the price differentials between Japan and other industrial nations remain wide. What are your opinions?

[Ushio] In the United States, an agreement has been reached in the course of debating how to bring prices down. The agreement is that the prices cannot be



brought down without lowering the living standard. In Japan, however, prices of unimportant goods have fallen, whereas those of important goods have not fallen. Prices of food remain still high.

[Mieno] Your comment is right. The question is that prices of goods that have to fall, should fall.

[Ushio] Prices of clothing, housing, and food in other industrial nations are far cheaper than in Japan. The government should do everything in its power to hold down the prices of clothing, housing, and food. The private sector should help the government hold down the prices.

[Mieno] As for the high prices in Japan, I believe I would rather say that a price revolution should occur in order to lower the high prices. There are various ways to lower the high prices. One of the ways is to rectify the abnormal prices shaped by the bubble economy. Another way is to bring down the high prices when the supply and demand remains lackluster in deflation caused by the economic stagnation.

The imports of cheap goods from other Asian nations can drive down the high prices in Japan. The production and distribution should be streamlined to drive down the high prices. This is a very important point.

Needless to say, these ways have a deflationary impact. If the deflationary impact is serious, it can be dealt with by a macroeconomic policy. The price revolution can sow the seeds of a new economic dynamism. What is important is how to make the seeds bud and grow.

#### **NFP's Future Strategy Based on Eight Policies**

*OW2112141894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Dec 94 Morning Edition p 2*

[FBIS Translated Text] An ordinary Diet session is set to be convened in January. In a bid to highlight at the Diet session its policy differences with the Murayama government in full-fledged debates with the ruling coalition parties, Shinshinto [New Frontier Party: NFP] has drawn up a basic plan for mapping out an agenda of policy differences composed of eight policies. Shinshinto Policy Deliberation Council Chairman Nakano has drawn up the basic plan with the aim of presenting the agenda of policy differences in the debates with the ruling coalition parties. The eight policies are "Japan's international contributions," "the view of the Constitution," "the relaxation of regulations," "administrative reform," "proposals made to a summit held to discuss ways to reform the United Nations," "the constitutional debate," "decentralization of the government," and "the sweeping reorganization of government ministries and agencies." The eight policies are included in the "pending major policies" that Shinshinto has recently announced, and they are not notably different from those of the ruling coalition parties. As for administration reform, for example, Shinshinto's policy emphasizes the need to streamline the special corporations and to

revamp the current certification system for organizing them, but it fails to clearly indicate the specific goal of how many and when the special corporations should be broken up. As for decentralization of the government, it limits itself to saying, "Shinshinto will take steps for legislation." With regard to Japan's international contributions, Shinshinto's policy fails to make a bold proposal for deactivating the freeze on Japan's participation in the [UN] peacekeeping force. These failures stem from the policy differences of the former parties and factions that have formed Shinshinto. It can be said that Shinshinto needs to coordinate these groups' opinions prior to presenting its policy differences with the ruling coalition parties in the parliamentary debates.

#### **Relations Between Ozawa, Hata Analyzed**

*OW2212114194 Tokyo AERA in Japanese 19 Dec 94 pp 16-17*

[Article by AERA editorial board staff member Taro Sato: "Deep-Seated Grudge Is the Root Cause of Ozawa-Hata Breakup"]

[FBIS Translated Text] Ichiro Ozawa and Tsutomu Hata, who were once sworn friends, shook hands with each other in quite an awkward manner. In descending from the platform of the detached auditorium at the Diet building, Hata poked at Ozawa's arm, saying invitingly, "Let's have a leisurely talk sometime." Ozawa answered curtly, "Yes, yes."

#### **There Is Mutual Misunderstanding**

In the election of the president of Shinshinto [New Frontier Party] conducted on the evening of 8 December, Toshiaki Kaifu won an overwhelming victory over Takashi Yonezawa and Tsutomu Hata. However, what came to the surface just as the participants were supposed to show solidarity for regaining political power was a very large gap which cannot be easily bridged.

After the election, Hata came out of the auditorium with flushed cheeks, saying, "Well, some misunderstanding will occur if we work together for more than 20 years (referring to Ozawa)."

However, one young dietman of the former Democratic Socialist Party [DSP], who came out of the auditorium, did not hide his surprise, saying, "Mr. Ozawa and Mr. Hata had a real fight." Kaifu's overwhelming victory means that Ozawa conducted thorough maneuvering to support Kaifu and gave Hata a thorough beating.

Koichiro Aino, a veteran dietman of former Shinseito [Japan Renewal Party], seeing Hata answering questions with a smile on television in the dietmen's quarters that night, surmised what was in Hata's mind: "He was smiling, though he was sad at heart. Only Hata can behave like that."

Hata, who had consistently played the role of a "figure-head," expressed, by his action for the first time, his



dissatisfaction with Ozawa, who was a strong man behind the scenes. This has great significance. If, in the future, dissatisfaction is expressed with Ozawa when he adjusts candidates under the new electoral system, that is likely to bring about strife within the party.

Who could foresee that the relationship between Ozawa and Hata would become so estranged?

At the inauguration of the Hata cabinet in April of this year, Sadao Hirano, an upper house member close to Ozawa, said, "Mr. Ozawa and Mr. Hata are one. Mr. Ozawa has no intention of becoming a prime minister himself because of his health problems. Therefore, to Mr. Ozawa, making Mr. Hata a prime minister is tantamount to his becoming a prime minister." The relationship between the two men was thought to have been this strong.

#### **They Are Both Second-Generation Dietmen of the Liberal Democratic Party [LDP]**

Both Hata and Ozawa are second-generation dietmen, and they were elected for the time first in 1969. When young, they were close enough to often go drinking together. Under late Prime Minister Kakuei Tanaka, Hata worked in the field of agriculture and fisheries; and Ozawa, in the field of construction. If we look back on the course the two men have followed as politicians, we find that they have always been the central figures in the Tanaka faction and then in the Takeshita faction.

It was when they left the LDP in June of last year that Ozawa was conspicuously absent from a press conference where the founding of Shinseito was announced. The press corps demanded an explanation for Ozawa's absence, saying, "It is irresponsible of Mr. Ozawa to be absent from the conference."

Hata shielded Ozawa from this accusation by saying: "That is not the word for it. There are a number of candidates who want to run for election to the lower house, and Mr. Ozawa must meet them as a responsible person. I want you to understand that."

Since the inauguration of the Hata cabinet in April of this year, the LDP and the media had always leveled the criticism against the cabinet that it had a "dual power structure." In a question period at the Japan Press Club in May, Hata refuted the criticism by saying, "The dual power structure is nothing but a made-up image."

#### **The Short-Lived Cabinet Bred Distrust**

When dissatisfaction was expressed at Ozawa's high-handed political style by such veteran dietmen as Keiwa Okuda, former chairman of the Diet Management Committee, Hata changed his stance to emphasize consultation and strove for the harmony of the party.

However, this time Hata rose in revolt against Ozawa for the first time. A leading former Shinsieto dietman takes the view that Hata's patience was exhausted: "Probably

Mr. Hata could no longer bear to see his pride being crushed gradually." He says this was triggered by the political turmoil in late June. When the negotiations with the Social Democratic Party of Japan [SDPJ] concerning the reigns of government failed, Hata thought of dissolving the Diet and holding a general election. However, Ozawa checked Hata's move, which resulted in the birth of the Murayama administration. The Hata cabinet lasted for only two months. The seeds of discord were sown at that time. The prevailing view is that the recent election of party head made Hata's stock of patience run out.

#### **Hata Was Oscillating to the Last**

A certain LDP leader says: "This is the same as the recent Renovation turmoil. At that time, Ozawa thought that the SDPJ would follow him like snow stuck in one's shoes. Ozawa's miscalculation, however, led to the birth of the LDP-SDPJ coalition government. Once more Ozawa may have thought that Hata would follow him without asking questions."

However, Hata was oscillating to the very last. Ultimately, an anti-Ozawa group in the former Shinseito, including Okuda and others, urged Hata to take action. "We are all deeply appreciative of what you have done so far." An elder dietman whispered these words to Hata, who was still oscillating. The words were inspiring enough to move Hata to action. He made a wayside speech repeatedly—even after he stepped down from the post of prime minister—and had advocated the policy of Shin-Shinto [New-New Party] to the general public. There were younger dietmen who were deeply appreciative of his action. Hata had full self-confidence.

Nevertheless, in the election of party head, he was defeated by a large majority, winning less than half the votes.

Looking back on the drama concerning the recent election of party head, we find that the candidates' ideals or policy were not the key points.

On 6 December, two days before the election of party head, at a unified promotion meeting comprised of 86 newly elected dietmen who were to join Shinshintō, they decided to "recommend Mr. Ichiro Ozawa for the post of secretary general." As to the post of party head, they only agreed that the choice would be made on the basis of individual judgment since circumstances differ from party to party. The highest priority was given to Secretary General Ozawa. Younger dietmen of the former Japan New Party [JNP], who were elected on the strength of its popularity, think that they cannot win their elections without Ozawa's help.

Expectations placed in Ozawa are aimed specifically at winning elections as they are shown below. Former Shinseito dietman Kiyoshi Ueda says: "Mr. Ozawa is well versed in the situations of every electoral district in the country, and he can also display his ability in the



financial area. A former JNP dietman says: "When a showdown with a Komeito [Clean Government Party] dietman occurs, it is only Mr. Ozawa who can settle the matter."

Therefore, former Shinseito dietman Kentaro Kudo, who is close to Ozawa, persuaded the younger members by saying: "Under the Hata- Ozawa establishment, it is difficult to obtain cooperation from other parties when the adjustment of candidates is to be made in each electoral district. It is Mr. Ozawa who does the adjustment."

The word "election" may have produced the intended effect, because it is believed that the greater part of young dietmen of Shinseito and the JNP sided with Toshiki Kaifu.

Dietman Shinichiro Kurimoto, who is critical of Ozawa's style of doing things and does not join Shinshinto, predicts the future of Shinshinto: "If we compare Shinshinto to a castle, we already see a fire burning although we cannot see it from the facade."

#### **Kubo Calls For New Party Before Spring Elections**

*OW2112142894 Tokyo TOKYO SHIMBUN in Japanese 17 Dec 94 Morning Edition p 2*

[Interview with SDPJ Secretary General Wataru Kubo by reporters Masaya Takada and Uichiro Oshima; place and date not given]

[FBIS Translated Text] [TOKYO SHIMBUN] The Social Democratic Party of Japan [SDPJ] has decided to postpone the founding of a new party until January. Do you have any complaints about this?

[Kubo] To be honest, I am pretty frustrated. But it is difficult to form a new party before the January session of the Diet if we are looking for an event like the founding ceremony of the New Frontier Party [Shinshinto]. However, when discussions are begun by parties, groups, and individuals gathered under the SDPJ's new party proposal, that should be called a starting point of the new party. We have not yet given up our desire for the new party.

[TOKYO SHIMBUN] When will you establish the new party?

[Kubo] My dilemma is that I cannot make any decision right now. I thought my new party proposal would be accepted in the SDPJ without problems; however, it took a long time to obtain party consensus. Hereafter, thoroughgoing preparation is needed for a foundation of a political party. Unlike the new party boom in the past, today's politicians would not blindly jump into new parties.

[TOKYO SHIMBUN] Some quarters in the SDPJ say the new party should be formed after the upper house elections next year. Do you agree with that?

[Kubo] I do not think so. Large scale reorganization of political circles is happening rapidly. If the SDPJ keeps saying it will take more time for consideration, it will lose its role in changing political circles. Neither the Liberal Democratic Party [LDP] nor Shinshinto will overlook our efforts to establish a third political power. We have to try our best to secure stable support groups to fully take part in power games.

[TOKYO SHIMBUN] Do you think the new party should be formed before nationwide local elections next spring?

[Kubo] I think we must take action on the timing. What we have to do is to try our best to reach our immediate goals. If we fail to bring up the new party proposal as a campaign issue, we cannot call ourselves reformists to confront the LDP and Shinshinto. Properly speaking, we must fight the elections as the new party.

[TOKYO SHIMBUN] Why are you seeking to form the new party?

[Kubo] The SDPJ was formed under the 1955 political regime [of LDP-SDPJ antagonism], and it has structural problems in contesting elections today. If things are left untouched, the SDPJ would survive only in proportional representative districts. I do not think voters want such situation even though you may think this is an arrogant opinion by the SDPJ. This is why we have to establish the new party.

[TOKYO SHIMBUN] Do you mean the SDPJ has already completed its historical role?

[Kubo] Some people say we are running away to the new party since the SDPJ has become hopeless after completion of its historical roles, but they do not correctly understand our new party proposal. We are seeking the new party at the risk of our political careers. We are calling for a dissolution of the SDPJ to let the new party take over our philosophy.

[TOKYO SHIMBUN] The New Democratic League [NDL] (chairman: Sadao Yamahana) is still calling for a founding convention of the new party. What is your stance toward their future course of action?

[Kubo] I agree with most proposals made by the NDL. I would like to watch their actions to pursue their goals as an observer. While I cannot candidly assist them as long as I remain in the post of the SDPJ secretary general, I will decide (my course of action) when I really have to back the NDL.

[TOKYO SHIMBUN] Do you completely agree with Prime Minister Tomiichi Murayama on the new party issue?

[Kubo] I completely agree with the prime minister on the concept of the new party. However, he wants to build up a consensus of the entire party. I have no objection to that, but, even in that case, members of the new party must get together under common political goals and



methodologies. It is probably difficult to realize the party consensus as the prime minister wishes.

[TOKYO SHIMBUN] Would you take responsibility as the SDPJ secretary general if NDL members split from the SDPJ in protest against postponement of the new party foundation?

[Kubo] I cannot talk much about that because my remarks may restrict moves of the NDL. The only thing I can say is that I am aware of my responsibility for certain results. A politician should coolly take responsibility according to the results of his actions, but not emotions.

### **SDPJ Party Meetings Set**

*OW2212082994 Tokyo KYODO in English 0759 GMT 22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Executives of the ruling coalition member Social Democratic Party (SDP) [of Japan—SDPJ] agreed Thursday [22 December] to hold an extraordinary party convention on Feb. 11 to discuss the creation of a new party, party officials said. They reached accord at a meeting of the central executive member committee, the officials said.

The committee will hold a meeting on Jan. 12 to make a final decision on holding a special convention, they said.

Proponents of the special convention said the SDP, a partner to the three-way ruling coalition with the Liberal Democratic Party and new party Sakigake [Harbinger], should transform itself into a new party of "democratic and liberal forces" as part of the ongoing political realignment in Japan.

### **Eight Diet Members Form 'Liberal Alliance' Party**

*OW2112123794 Tokyo KYODO in English 1156 GMT 21 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO—Eight members of the House of Representatives who did not join Shinshinto (New Frontier Party) formed their own party on Wednesday [21 December], while admitting that subsidies rather [words indistinct] motive of their grouping.

The eight lower house members, including former Foreign Minister Koji Kakizawa and former chairman of the now-defunct Democratic Socialist Party (DSP), Keigo Ouchi, announced their establishment of Jiyu Rengo or Liberal Alliance.

The lawmakers reported the formation of the party to the Tokyo Election Administration Commission and Jiyu Rengo was registered as a political organization.

Starting next year, a total of some 30 billion yen from taxpayer revenues will be distributed to Japanese political parties annually. In order to receive subsidies, parties must either have at least five Diet members, or have received at least 2 percent of the total votes in recent elections.

The other six members joining the new party are Koki Ishii, Shinichiro Kurimoto, Shinichi Koizumi, Shizuo Sato, Torao Tokuda and Yanosuke Narazaki.

Criticized by reporters at a press conference that the party is a mere patchwork formed strictly for the sake of receiving subsidies, Narazaki replied, "I don't deny there is such an aspect."

Tokuda said he will be glad if the party can receive subsidies.

Kakizawa, who advocates the merger of conservative political forces, said he hopes Jiyu Rengo "can work as a glue" for further political realignment.

However, Ishii said at the same press conference that such a merger "is impossible," an early indication of the differences in political views within the new party.

Nine opposition forces merged to form Shinshinto on Dec. 10, creating the second largest political party after the LDP [Liberal Democratic Party].

### **\* Strategy of Former LDP Members Outlined**

*952B0036A Tokyo ASAHI SHIMBUN in Japanese 24 Oct 94 p 1*

[FBIS Translated Text] **Ruling and Opposition Parties' Conflicts Are an Expanded Version of Takeshita Faction Internal Struggle**

With implementation of the single-seat constituencies with a proportional representation system in the House of Representatives election at hand, both government and nongovernment parties have begun to prepare themselves for the dissolution of House of Representatives and general election. What has become clear in this process was that those who were involved in a severe internal struggle during the Takeshita era in the Liberal Democratic Party [LDP] have held the leadership in both ruling and opposition parties. In the LDP, former Prime Minister Noboru Takeshita has been "reinstated," and as for Shinseito [Japan Renewal Party], Komeito, and other nongovernment parties, which aim to establish a new-new party, Shinseito Secretary General Ichiro Ozawa is in charge of their election measures. Some in other parties and other factions in the LDP say, "If they go into the general election as they are now, the internal struggle of the Takeshita faction would expand to a national level." We have investigated this reenactment of the struggle.

### **Former Executives Take Leadership**

Reinstatement of Mr. Takeshita, who had caused a commotion in Nagata-cho, in a parliamentary group, seemed abrupt. However, the truth is that, two weeks before his reinstatement, Deputy Prime Minister Keizo Obuchi, who was close to Mr. Takeshita, had informed Prime Minister Tomiichi Murayama and Finance Minister Masayoshi Takemura, "Mr. Takeshita will be reinstated. I trust the matter to your discretion." It was a



casual way of laying the groundwork, which he had learned from Mr. Takeshita.

Behind the scenes of the power change, the one who played the role of a conduit between LDP executives and Mr. Murayama, was Seiroku Kajiyama, former secretary general of the LDP. In reference to himself, he says, "I am like the cast-off shell of a cicada," he does not like to appear in public. However, he accepts interviews from magazines, and he also is an adviser to the prime minister, often talking to him on the phone.

On the other hand, in the press conference on 18 October, Ozawa spoke of his determination to form the new-new party on 10 December, saying, "I will turn my full energy to establishing the new party."

Ozawa submitted his resignation as Shinseito's secretary general when it fell to opposition party status at the end of June. Many in the opposition parties, including his own Shinseito, criticized Ozawa, and there was once a situation where "excluding Ozawa" might have taken root.

However, due to the fact that the nongovernment parties cannot do without Mr. Ozawa's ability in creating the new-new party and election measures, his retention as Shinseito secretary general was decided in mid-August. He was appointed chairman of the new party preparation executive committee at the end of September.

It was not only Mr. Ozawa who has come to the surface. On 6 October Shinseito acting Secretary General Kozo Watanabe also marched into the Diet affair as "Kaikaku's" director in the House of Representatives Budget Committee. "I hesitate to say it, but the ones who we used to closely associate with are actually being the driving force of the Murayama Administration." Mr. Watabe, in one of TV Asahi's programs on the 8th, sarcastically pointed out the influence his former comrades, Mr. Takeshita and Mr. Kajiyama had in the Murayama administration.

#### **Both Using "Forbidden Strategy"**

When the Hosokawa administration was established and led by Ozawa, former Prime Minister Yasuhiro Nakasone criticized him, saying, "Mr. Ozawa has used the forbidden strategy of conservative politicians. That is, he allied himself with Komeito and Soka Gakkai."

However, Ozawa repeatedly tried to maneuver to make Michio Watanabe the former deputy prime minister and former foreign minister, prime minister, and he would not relax his tight hold on a shaking LDP. During the 1994 budget compilation, Shinseito stepped forward to accept representation petitions and exercised authority.

LDP members, especially those in the Obuchi faction, felt threatened. "If Ozawa continues to be in the opposition party, the LDP will run dry." The LDP's desire to

regain power drove the executives of the Obuchi faction led by Mr. Kajiyama to realize an alliance with the SDPJ.

Concerning this, some reacted the way Shinseito's Keiwa Okuda, former chairman of the Steering Committee in the House of Representatives, did, who said "It was a forbidden strategy for them (Shinseito and others) to support former Prime Minister Toshiki Kaifu. But it was also a forbidden strategy for the LDP to ally with the SDPJ." Political maneuvering to obtain a majority has been done in various ways that cross the line between the government and nongovernment parties. The key was the "battle of forbidden strategies" by the executives of the former Takeshita faction.

Hiromu Nonaka, the Obuchi faction's minister of home affairs, in his opposition party days used to attack the former coalition government in the House of Representatives Budget Committee, using the problem related to the reshuffle of bureau chiefs by Hiromoto Kumagai, minister of international trade and industry, as a target. However, this time, the offense and the defense have switched places, and Shinseito is trying to get Mr. Nonaka and Mr. Ryutaro Hashimoto, minister of international trade and industry, with scandals.

#### **Aiming at the General Election**

Both Shinseito and the Obuchi faction are most interested in the showdown at the next general election.

While it is said that "Mr. Ozawa is the only one who can discuss election measures with Soka Gakkai" (a Shinseito executive), Mr. Ozawa is frantically working to get the backing of Rengo [Japanese Private Sector Trade Union Confederation], which has nationwide organizations, in addition to Soka Gakkai. Having two groups of labor unions, one supporting SDPJ, and the other supporting DSP, Rengo is having a problem deciding its direction.

In the LDP, Mr. Obuchi will direct next summer's House of Councilors election and the next House of Representatives election as the acting director of the Election Policy Committee. The party executives are getting together under Mr. Takeshita with election data, asking for his advice.

On the local level, also, the rivalry between ruling and opposition parties is intense. In Akita, home of an Obuchi faction executive, Kenzo Muraoka, a former transportation minister, an LDP Diet man, Hidefumi Minorikawa's secession problem caused a stir at the end of last month. Mr. Minorikawa finally was persuaded by his support association to stay in the LDP. Mr. Muraoka suspects that Shinseito had approached Mr. Minorikawa to secede from the LDP.

The LDP's major faction's internal struggle has expanded to involve other parties, and it is getting ready to expand to the national level with the general election.



The pitch for implementation of the single-seat constituencies system is that "it will allow election based on the policies of two major powers." However, in the middle of the "two major powers," a deep-seated grudge is still present.

#### **Michio Watanabe Disbands 58-Member Faction**

*OW2112142694 Tokyo KYODO in English 1354 GMT 21 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 21 KYODO—Former Foreign Minister Michio Watanabe disbanded his 58-legislator faction in the Liberal Democratic Party [LDP] on Wednesday [21 December], but urged his men to remain united to produce a "leader" for the largest ruling party in the future.

The disbanding of the LDP's fourth largest faction came on the heels of similar action taken earlier by four other LDP factions.

In the course of the LDP's 38-year grip on power which ended in 1993, factions have acted as virtual miniparties whose bosses take turns to hold the reigns of government by securing their men's allegiance with campaign fund handouts.

The LDP returned to power as part of the current coalition in June.

Watanabe told a party of his faction members at a Tokyo hotel, "although we decided to pull down our banner as of this year, it is acceptable for you to hold meetings of the new study group."

"I ask for your cooperation so that we can produce a leader from among our ranks by remaining united with continual friendship from now on," he said in apparent reference to future LDP presidential elections.

The other four factions—those led by former Premier Kiichi Miyazawa, former Trade Minister Toshio Komoto, former Transport Minister Hiroshi Mitsuzuka and former LDP Secretary General Keizo Obuchi—have already been replaced by "policy study groups."

#### **Real Estate Firms To Resume Political Donations**

*OW2212072894 Tokyo KYODO in English 0545 GMT 22 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—An association of Japan's real estate firms decided Thursday [22 December] to resume donations to political parties and will offer about 40 million yen to the Liberal Democratic Party (LDP) possibly by the year-end, association sources said.

The Real Estate Companies Association of Japan made such donations until 1993, when it gave 80 million yen to the LDP and 5.25 million yen to the recently disbanded Democratic Socialist Party (DSP).

With Japanese political situation changing rapidly, the association has frozen donations this year.

The resumption decision followed similar moves by other industries, including commercial banks and auto-makers.

The real estate association, which has 208 member companies from across Japan, wants to lobby for removal of taxes related to their business, including land-value tax, the sources said.

This time, however, the association will donate only to the LDP. No donations will be made to other parties because the DSP was absorbed by Shinshinto (New Frontier Party), which was inaugurated earlier this month, the sources said.

#### **\* Policy Groups Seen Replacing Factions**

*952B0020A Tokyo SEIKAI ORAI in Japanese Nov 94 pp 84-85*

[Article by Koryo Sato, writer: "Policy Groups Replacing Factions"]

[FBIS Translated Text] "Factions Unable To Call Themselves Factions," Which Once Served as Bases for Big Shots' Activities

A situation has developed in which Liberal Democratic Party [LDP] President Kono cannot carry out an executive change in the face of intraparty resistance. The person whom Kono intended to change was Policy Affairs Research Council Chairman Koichi Kato, Kono's rival in the same Miyazawa faction. Kono has completely lost face as a president who holds authority over personnel affairs, and again the weakness of one who "cannot fully control intraparty affairs" has been exposed.

However, this incident was by no means a problem related merely to the inside of the Miyazawa faction. It was because Kono held the hardly ignorable title, representative of the "Group New Century" [Group Shinseiki], a policy group.

Ever since the LDP became an opposition party last year, its old factions have rapidly been losing their centripetal force, and we now see a conspicuous rise of policy groups and interfactional groups which have a strong voice in place of the factions. In the recent political change of government as well, the LDP's intraparty split did not assume factional dimensions, but it proceeded on a behavioral pattern of policy groups among which "Sakushin-no-Kai" and the "Group Shinseiki" supported the LDP-Social Democratic Party of Japan [SDPJ] coalition while "Kaikaku Rengo" [Reform Alliance] of Yuji Tsushima was opposed to it.

The "Group Shinseiki" was organized in May this year with the so-called YKK trio—Taku Yamasaki, Koichi Kato, and Junichiro Koizumi—as its central figures. With a membership of 67, it has its office in Kojimachi



and is carrying out lively activities. Having taken the initiative in the political change, its members, including Kato, have naturally become pushy and stuck-up. This is why even President Kono cannot sack Kato easily.

I would like to touch on such policy groups this time which are now becoming the eye of the typhoon in the political world.

First, policy groups were "factions unable to call themselves factions" in the LDP when factions were in the heyday of their power. This is why many of their leaders are independent big shots. After entering the political world from the financial arena with a lot of fanfare, Tokusaburo Kosaka did not belong to any faction. He gathered young people and organized the "Shinpu Political Research Forum" [Shinpu Seiji Kenkyukai] (formerly "Shinpukai"), and with this as his base, he carried out political activities. He did not become a backbencher belonging to a specific faction, and this was what made him a big shot, indeed. However, the wall of existing factions was too huge after all, and he could not form his own independent faction. He entered the Tanaka faction with his followers and finally affiliated himself with the Nikaido group, where he retired.

Kiichi Miyazawa formed "Hiragakai" after the faction he belonged shifted from Maeo to Ohira. The group lasted long, and it was thanks to the existence of this base that Miyazawa could stand on his own legs despite the meager treatment he received. Moreover, in this group Yoshiro Hayashi of the Tanaka faction kept supporting Miyazawa. He later became a Miyazawa faction-backed party presidential candidate and also joined the Miyazawa faction. His entry into the faction, too, may be considered a by-product of "Hiragakai."

When Michio Watanabe was expelled from the Nakasone faction over the 40-day struggle, he formed his own group, "Onchikai." Taking advantage of his free position in this group, Watanabe gathered some young members of the Suzuki faction, etc., and worked to build a foothold for the future. Koji Kakizawa also entered the group at that time. When Onchikai, which had started with 39 people, acquired a membership of over 50, Watanabe became the topic of conversation in the political world which said that he now "can stand as a candidate for the party presidential election." After all, he returned to the Nakasone faction and succeeded in the faction. It may be said that for Watanabe, Onchikai was a place to rehearse for faction management.

Nevertheless, it is extremely difficult for a policy group to step up successfully to the status of a faction. Ichiro Nakagawa's "Liberal Reform Club" [Jiyu Kakushin Doyukai] became the parent body of the Nakagawa faction, but many of the club members were, so to speak, "dual nationals" affiliating themselves also with other factions. Of 26 or 27 club members, pure Nakagawa faction members were only 10 or so persons. Eventually, after the death of Nakagawa, those dual nationals left the

club, and the succeeding Ishihara faction did not outlive one year and was absorbed into the Fukuda faction.

Rokusuke Tanaka, Kiichi Miyazawa's intrafaction rival in the so-called "Ichi-Roku [Kiichi-Rokusuke] war," also organized the "New Generation Research Forum" [Shinsedai Kenkyukai] by gathering nearly 60 persons with young members within the faction as its central force. However, the forum did not last long, partly due to his illness.

#### **They Now Become Parent Bodies of New Parties One After Another Holding Key to Political Restructuring**

On the other hand, among policy groups are those which are not of a semi-factional nature, but were formed by those upholding literally common policies. Citing an old example, in opposition to the Tanaka cabinet's restoration of diplomatic relations between Japan and China, young party members then affixed their seals of blood to a list of names and formed "Seirankai," causing a stir to the general public.

In response to "Seirankai" which took a strongly hawkish tinge, young members then called liberals joined forces and organized the "Political Engineering Research Forum" [Seiji Kogaku Kenkyujo]. It is a famous story that central members of this group such as Yohei Kono, Takeo Nishioka, and Toshio Yamaguchi bolted from the party and formed the New Liberal Club [Shinjiyu Club].

When the political world suffered turmoil due to the Recruit scandal, the "Utopia Political Research Forum" [Utopia Seiji Kenkyukai] became a topic of conversation by revealing to the public the details of actually used political funds. This forum was also a gathering of new Diet members, then including Masayoshi Takemura. After then, many political groups were formed with political reform as their theme, and the forum may be said to have played a role of their pioneer. Takemura and others later formed the System Reform Research Forum [Seido Kaikaku Kenkyukai], and its members then became the parent body of "Sakigake" [Harbinger].

Recently, Masayasu Kitagawa, who had gathered young reformist party members and formed the Party Politics Research Forum [Seito Keiji Kenkyukai], seceded from the party in April this year and formed "Shinto Mirai" [Future] together with Michihiko Kano. Taking joint action with Kitagawa in forming the party were Takao Sato and Teruhiko Mashiko, the members of the research forum.

Likewise, main members of the "Liberals," which Seiichi Ota and Shokei Arai formed together with Koji Kakizawa, left the party in April. It was a recent development that they formed the "Liberal Party" and party head Kakizawa immediately joined the Hata cabinet as foreign minister.

Moreover, in the recent political change of government, Takeshi Noda who was serving as head of "Koshikai," a



reformist gathering, seceded from the party in opposition to the LDP-SDPJ coalition government and formed a new group also named "Koshikai," choosing as its head Toshiki Kaifu, a man symbolic of political reform who stood as a candidate for the nomination of prime minister.

The present Shinseito [Japan Renewal Party], too, was originally a policy group called the "Reform [Kaikaku] Forum 21" which was formed when the Takeshita faction was disrupted. The policy group became the "Hata faction" and then "Shinseito." Policy groups born inside

the LDP are thus getting reborn as new parties one after another, and this may be said to symbolize a turbulent political situation.

Formerly, the faction and the policy group were resembling but not identical organizations, but now is an era in which a group of several members suddenly becomes a "new party." Political restructuring has finally reached the time for its finishing touch, and holding a key to this work seem to be, unmistakably, newly-rising groups and policy groups free from old tangles.

### Major Policy Groups

Policy Groups	Formation	Leaders (Representative, etc.)
LDP-Originated		
Shinpukai, later Shinpu Political Research Forum	October 1971	Tokusaburo Kosaka
Hiragakai	July 1973	Kiichi Miyazawa
Seirankai	July 1973	Ichiro Nakagawa, etc.
Political Engineering Research Forum	January 1974	Takao Fujinami
Group 21	February 1975	Susumu Nikaido
Chiyodakai	February 1976	Zentaro Kosaka
Shinsei Club [Renewal Club]	August 1977	Takao Fujinami
Religion and Politics Research Forum [Shukyo Seiji Kenkyukai]	November 1977	Kazuo Tamaki
Forum of Research on Political Situations at Home and Abroad [Naigai Seikyoku Kenkyu Doshikai]	November 1977	Hideji Kawasaki and Zentaro Kosaka
Liberal Reform Club	May 1979	Ichiro Nakagawa and Shintaro Ishihara
Group 80	December 1979	Tokusaburo Kosaka, etc.
Shinshinkai	July 1980	Takeo Nishioka, etc.
Onchikai	October 1981	Michio Watanabe
New Generation Research Forum	October 1981	Rokusuke Tanaka
Free Society Forum [Jiyu Shakai Forum]	May 1983	Takujiro Hamada
National Fundamental Problems Forum [Kokka Kihonmondai Doshikai]	July 1986	Shizuka Kamei
Liberal Reform Federation [Jiyu Kaikaku Renmei]	April 1989	Shizuka Kamei and Katsuhiko Shirakawa
Utopia Political Research Forum	September 1988	Masayoshi Takemura
Reimei no Kai	November 1989	Shintaro Ishihara
Political Reform Research Forum	June 1990	Takeo Hiranuma, etc.
Reform Forum 21	October 1992	Tsutomu Hata
Heisei Research Forum	December 1992	Seiichi Ota
System Reform Research Forum	January 1993	Masayoshi Takemura
Forum of Flames for Reform Promotion [Kaikaku Suishin Honoo-no-kai]	January 1994	Hidenao Nakagawa
Party Politics Research Forum	February 1994	Masayasu Kitagawa
Liberals	February 1994	Seiichi Ota
Monday Club, later Koshikai	April 1994	Takeshi Noda
Group Shinseiki	May 1994	Koichi Kato
Reform Alliance	June 1994	Yuji Tsushima



Major Policy Groups (Continued)		
Policy Groups	Formation	Leaders (Representative, etc.)
SDPJ-Originated		
New Wave	April 1990	Yoshito Sengoku and others; Junsuke Iwata
New Power	November 1990	Kazuo Saito
Action New Democracy	April 1991	Kenji Yoshioka
Sirius	November 1992	Satsuki Eda
Leadership 21	November 1992	Han Yasuda
New Policy Forum [Shin Seisaku Konwakai]	October 1993	Masao Sakon, etc.
Liberal Group	November 1993	Sukio Iwatare
Democrats	December 1993	Shoji Motooka
Group Taiyo [Sun]	April 1994	Tadatoshi Akiba, etc.

## North Korea

### Reportage on U.S. Helicopter Incident

#### KCNA Issues 'Information'

SK2212050094 *Pyongyang KCNA in English 0438*  
GMT 22 Dec 94

["Information of KOREAN CENTRAL NEWS AGENCY"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA)—The KOREAN CENTRAL NEWS AGENCY released an information today regarding the illegal intrusion of a U.S. Army helicopter into the air above the northern half of Korea.

It says:

A U.S. Army helicopter illegally intruded into the air above Ipo-ri, Kungang county, Kangwon Province, on December 17, crossing the Military Demarcation Line.

It was shot down in a self-defensive measure of ours when it deeply intruded into the territorial air of our republic.

One of the two pilots, Chief Warrant Officer David Hilemon, died and another Chief Warrant Officer, Bobby Hall, is alive and he is now in good health.

The Democratic People's Republic of Korea, proceeding from the humanitarian principle, decided to transfer the body of David Hilemon soon to the U.S. Army side through Panmunjom.

The competent organ is now making a thoroughgoing investigation into the illegal intrusion of the helicopter into the territorial air of our country. When it is completed, a step will be taken according to the relevant legal procedures of our army.

#### Pyongyang Radio on Incident

SK2112133294 *Pyongyang Korean Central Broadcasting Network in Korean 1305 GMT 21 Dec 94*

[FBIS Translated Text] A report from KOREAN CENTRAL NEWS AGENCY:

On 17 December, a U.S. Army helicopter crossed the Military Demarcation Line and illegally trespassed into the air above Ipo-ri, Kungang County in Kangwon Province. As a self-defensive measure of ours, the helicopter that trespassed deep into the air of the Republic was shot down.

U.S. Army Chief Warrant Officer David Hilemon, who was on board the helicopter, died; and Chief Warrant Officer Bobby Hall is alive and his health is good.

Based on the humanitarian principle, the DPRK has decided to return the remains of deceased Chief Warrant Officer David Hilemon to the U.S. Army side through Panmunjom soon.

At present, authorities concerned are making concrete investigations into the incident of the U.S. Army helicopter illegally trespassing into the airspace of our country. When the investigations are completed, measures will be taken according to our Army's pertinent legal procedures [uri kundaeui haedanganhan popchok cholchae ttara].

[Issued] 21 December 1994, Pyongyang.

#### Remains of U.S. Airman Returned

SK2212044694 *Pyongyang KCNA in English 0425*  
GMT 22 Dec 94

[FBIS Transcribed Text] Panmunjom, December 22 (KCNA)—The body of a U.S. helicopter pilot was transferred to the U.S. Army side here today on the humanitarian principle of the Democratic People's Republic of Korea.

It was covered by reporters of the North and South of Korea and foreign reporters.

At ten A.M., Colonel Yu Yong-chol, chief liaison officer of the Panmunjom mission of the Korean People's Army [KPA], met with U.S. Army Colonel Mark Al Shoemaker who came to receive the corpse.

Then, U.S. Army personnel confirmed the body of Chief Warrant Officer David Hilemon (army number 539800571), who died in the area of the DPRK side, and his belongings.



After the confirmation, the KPA side transferred the body of the U.S. pilot and his belongings to the U.S. Army side on the Military Demarcation Line.

The U.S. Army side signed the transfer certificate.

### **Richardson Present for Return**

*SK2212090694 Pyongyang Korean Central Broadcasting Network in Korean 0808 GMT 22 Dec 94*

[FBIS Translated Text] The remains of a U.S. military helicopter pilot have been handed over to U.S. Forces in Panmunjom. In accordance with a humanitarian measure by the DPRK Government, the remains of the U.S. military helicopter pilot, who died while illegally trespassing into our airspace on 17 December, were handed over U.S. Forces in Panmunjom on 22 December.

U.S. Representative Bill Richardson, who had been visiting our country, and his entourage were present on our side of Panmunjom. Also on hand at Panmunjom were reporters from the North and South as well as foreign correspondents.

At 1000 [0100 GMT] along the Military Demarcation Line in Panmunjom, Colonel Yu Yong-chol, chief liaison officer of the Panmunjom Mission of the Korean People's Army [KPA], met with U.S. Forces Colonel Mark Al Shoemaker, who came to receive the remains.

Then U.S. Forces personnel confirmed and took control of the remains and belongings of U.S. military helicopter pilot David Hilemon (serial number 539800571), who crossed into and was downed [churak] on our side.

The United States expressed its gratitude to the DPRK Government for the humanitarian measure of having transferred the remains of the U.S. military helicopter pilot.

Prior to this, there had been an exchange of opinions on several occasions between U.S. Representative Bill Richardson, who had been visiting our country, and our pertinent functionaries over the question of transferring the remains of the U.S. military helicopter pilot.

At the suggestion of the United States, a lieutenant general-level contact was held in Panmunjom on the night of 21 December between Yi Chan-pok, representative at the Panmunjom Mission of the KPA, and (Lay Smith), deputy chief of staff of U.S. Forces Command in South Korea, over the question of the U.S. military helicopter.

### **Congressman Richardson Departs**

*SK2212052194 Pyongyang KCNA in English 0426 GMT 22 Dec 94*

[FBIS Transcribed Text] Pyongyang December 22 (KCNA)—Bill Richardson, member of the House of Representatives of the United States, and his party left today.

They were seen off by Song Ho-kyong, advisor to the Foreign Affairs Committee of the Supreme People's Assembly and officials concerned.

### **DPRK Envoy Says Pilot Intruded 'Deliberately'**

*OW2212091494 Tokyo YOMIURI SHIMBUN in Japanese 21 Dec 94 Evening Edition p 2*

[By correspondent Yamaoka Kunihiro]

[FBIS Translated Text] New York, 20 Dec—An OH-58 helicopter assigned to the U.S. forces in South Korea strayed into North Korea on 17 December, and one of the two helicopter pilots was killed. Answering inquiries from YOMIURI SHIMBUN on the evening of 20 December, a diplomat at the North Korean mission to the United Nations in New York said, "The helicopter deliberately violated North Korea's airspace." This is the first time that a DPRK official has revealed part of the results of investigations into the incident.

The DPRK diplomat repeatedly said, "North Korea is now investigating the incident" while declining to give details on the incident. The North Korean diplomat's clarification of the incident is interpreted as the DPRK's intention to hold full-dress talks with the United States on an early return of the pilots and the downed helicopter.

Explaining how the incident occurred, the North Korean diplomat said: "The U.S. helicopter suddenly crossed the military demarcation line into our airspace. The Korean People's Army [KPA] then sent warning signals, but the helicopter continued to intrude into our airspace despite the warning signals. The KPA opened fire at the helicopter as a self-defense action." As for the weapons used to open fire at the helicopter, the North Korean diplomat identified them as antiaircraft guns by saying, "They used antiaircraft weapons and surface-to-air guns to open fire at the helicopter."

The DPRK diplomat went on to say: "The U.S. military helicopter intruded into North Korean airspace and ignored the warning signals. Therefore, the intrusion was not caused by any technical problems. It is nonsense to argue that the helicopter pilots lost their way on their flight route or that they were not aware fully of the mountainous terrain of the Korean peninsula." In this way, he stressed that the DPRK viewed the intrusion into its airspace by the U.S. military helicopter as a deliberate and illegal intrusion. Commenting on Chief Warrant Officer Bobby Hall, who is reported to be alive, the North Korean diplomat said, "He is being questioned now."

The U.S. Government, which takes the position that the U.S. military helicopter strayed into North Korea's airspace after the two pilots lost sight of a landmark on the border, is now demanding the early return of Hall and the remains of Warrant Officer David Hilemon, as well as the helicopter. Negotiations have been held between



the United States and North Korea through U.S. Representative Bill Richardson in Pyongyang, and between U.S. and DPRK military officers at the Military Armistice Committee.

#### **Government Plans To Open Territorial Airspace**

*SK2212042294 Pyongyang KCNA in English 0408  
GMT 22 Dec 94*

["Epochal Step for Cooperation in International Civil Aviation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Talks were held in Montreal on December 8 between the director general of the Civil Aviation Administration of the Democratic People's Republic of Korea who had participated in the celebrations held to mark the 50th founding anniversary of the International Civil Aviation Organisation [ICAO] and the president of the council of the ICAO.

At the talks the director general of the Civil Aviation Administration of the DPRK said that the Government of the DPRK took a step again to lay rational airways including Beijing-Pyongyang-Tokyo airline by opening its territorial air space so that civil aeroplanes of all the countries of the world might make a landing or a flight through its territorial air space and that it will offer to them all the facilities and services for appropriate airline operation without discrimination and make public all the necessary materials.

And he elaborated on the DPRK Government's preparations to accede to the international airway transit agreement.

The president of the council of the ICAO welcomed the epochal step taken by the DPRK Government and was grateful for its efforts for the development of international civil aviation. "The ICAO will make active efforts as a mediator to open shorter airways of economic value in the Far East," he said.

#### **Pyongyang Radio Reports Move**

*SK2212022294 Pyongyang Korean Central  
Broadcasting Network in Korean 0107 GMT 22 Dec 94*

[FBIS Translated Text] The director of the DPRK Civil Aviation Administration, who participated in a function celebrating the 50th anniversary of the foundation of the International Civil Aviation Organization [ICAO], held talks with the chairman of the ICAO Board of Governors on 8 December in Montreal, Canada.

At the talks, the director of the DPRK Civil Aviation Administration revealed that by opening its territorial airspace for civil aircraft of all countries of the world to land or pass through its territorial airspace, the DPRK Government had again taken measures to ensure the establishment of reasonable air routes, such as a direct route linking Beijing-Pyongyang-Tokyo. He also revealed that all facilities and services for the operation

of pertinent air routes will be provided without any discrimination and that all necessary data will be made public.

He also said the DPRK Government was preparing to subscribe [kaip] to the International Air Route Transit Agreement.

The chairman of the ICAO Board of Governors welcomed the momentous measure of the DPRK Government, expressed his appreciation for the DPRK Government's efforts to develop the ICAO, and said that the ICAO, as a mediator, would positively make efforts to establish shorter and more economic air routes in the Far East.

#### **Dialogue Denounces 'Crimes' of Kim Yong-sam**

*SK2212042594 Pyongyang Korean Central  
Broadcasting Network in Korean 0627 GMT 21 Dec 94*

[Dialogue between station reporters Chong Song-kang and Yi In-chun: "Traitor Kim Yong-sam Is Mastermind Who Has Worsened North-South Relations"]

[FBIS Translated Text] [Yi] How are you?

[Chong] How are you?

[Yi] We can talk from various viewpoints about the crimes traitor Kim Yong-sam has committed for a year and nine months since he assumed power. At this hour, we would like to discuss the felonies he has committed before all generations to come, which have worsened North-South relations.

[Chong] All right, let us do that. As has been widely known, considering [koryo] that the self-proclaimed new civilian government was inaugurated in South Korea, we have made various kinds of sincere efforts to improve North-South relations, which had remained shut off against each other [kyokpyedoen], and to promote national reconciliation and unity; and have also repeatedly taken the necessary measures. We have put forth the 10-point program for the grand unity of the whole nation with the singlehearted aspiration to realize the reunification in the nineties through national reconciliation and unity; have repeatedly proposed dialogue between North and South authorities and between civilian-level officials with a view to discussing and solving pending issues, including the nuclear issue. Have we not?

At that time, there was the circumstance under which the basic agreement on reconciliation, non-aggression, cooperation, and exchange between the North and South, and addenda on various fields had been adopted; and the organizations, which would assume responsibility for implementing the agreement, had been established. Needless to say, at that time, if the puppet Kim Yong-sam regime had respected the North-South agreement and had affirmatively responded to our efforts for dialogue and negotiations, an epoch-making phase favorable for national reconciliation, unity, and reunification would have unfolded.



[Yi] You are right. This notwithstanding, traitor Kim Yong-sam has responded to this by bringing the situation to the brink of war, while creating a racket of confrontation in opposition to our sincere efforts toward the country's peace and peaceful reunification, and while resuming the provocative Team Spirit nuclear war exercise of playing with fire against us together with outside forces.

Meanwhile, he has virtually turned the North-South agreement into a scrap of paper by unilaterally freezing on the North-South dialogue on a wholesale scale, while following the outside forces' nuclear racket. Has he not?

[Chong] Yes, he has. We can grasp this well in view of the fact that the puppet traitor Kim Yong-sam has tried to turn the situation to his advantage by having sanctions imposed against us, while trying to delay and scuttle Korea-U.S. talks. As has already been exposed, the puppet traitor Kim Yong-sam was continuously engaged in various kinds of acts, such as begging to have sanctions imposed against his compatriots and coping with them in a tough way, and for realizing a cooperative system for this, while clamoring about the so-called nuclear threat from the North more viciously than outside forces.

This notwithstanding, the Korea-U.S. talks were settled; a framework agreement was adopted; and with this as momentum, the atmosphere of tension reduction and peace began forming on the Korean peninsula.

Under these circumstances, the Kim Yong-sam ring introduced confrontation and war by staging, along with outside forces, the Eagle 94 joint military exercise—a changed version of the Team Spirit war exercise which had been discontinued—with the purpose of reversing the situation. And, the ring reeked of gun powder by waging war exercises—with the title of Hwarang—for a northward invasion.

We can say that such reckless maneuverings by traitor Kim Yong-sam were aimed at barring the gate for the implementation of the framework agreement between Korea and the United States in order to make compensations for the disgrace he had faced while failing to achieve anything and humiliating himself in the process of trying to delay and scuttle the Korea-U.S. talks.

[Yi] You are right. At a time when the whole nation is longing for the fatherland's reunification, the puppet traitor Kim Yong-sam committed the crime of removing the gate for the North-South dialogue and bringing relations between the North and South to the worst phase for as long as a year and nine months. Such crime of his can never be tolerated. Can it?

As you know, since he assumed power, traitor Kim Yong-sam trampled with guns and bayonets two pan-national rallies in Seoul and the grand festival of youths and students for reunification planned by the National Alliance for Youth and Students for the Country's

Reunification [pomchonghangnyon], while terming those meetings illegal. This has been already exposed.

Also, at the fifth pan-national rally held in Seoul last August, the puppet traitor Kim Yong-sam created a racket of suppression by mobilizing some 20,000 police troops from 170 companies. At the closing ceremony of the rally, he committed such an outrageous act against God and man of even spraying tear gas with a helicopter.

Because he is so frantic against reunification, South Korean people, youths, and students have already passed a death sentence upon traitor Kim Yong-sam. Have they not?

[Chong] Yes. What is ridiculous is that the rascal Kim Yong-sam is trying to pose as a benefactor as if to do something benevolent by babbling about the so-called reconciliation and economic cooperation, while forgetting the situation facing him. The cutthroat enemy of dialogue and reunification is making absurd remarks. This is really brazen and disgusting. While discarding the agreement reached with us as if it were a worn shoe, he has been reversing the situation, which had been going in the direction of reconciliation and unity, to a situation of tense confrontation which existed before dialogue was being conducted. Who would really believe in the gibberish about reconciliation and cooperation made by the man who has been reversing the situation?

[Yi] You are right. Therefore, people are spitting at the cheap farce staged by traitor Kim Yong-sam.

[Chong] Yes. One representative of opposition parties in South Korea has branded Kim Yong-sam as imprudent and frivolous in connection with his gibberish concerning the South-North economic cooperation. South Korean businessmen, too, have used abusive language referring to Kim Yong-sam, criticizing him for having the audaciousness to extend his hand to the North in proposing economic cooperation.

The puppet traitor Kim Yong-sam should apologize to the people for all kinds of criminal acts against the nation, dialogue, and reunification which he has committed before the country and the nation since he assumed power. He should immediately abolish the notorious National Security Law which is blocking dialogue, contacts, and exchange between the North and South.

At the present moment, our compatriots in the North, South, and overseas are unanimously stating that the Kim Yong-sam ring is not the object which our countrymen can meet with, but the target which they should overthrow. Our nation will surely settle accounts concerning the felonies committed by the puppet Kim Yong-sam ring which has brought North-South relations to the worst phase since he assumed power.



### **ROK Frontline Military Activity Reported**

*SK2212054394 Pyongyang KCNA in English 0416  
GMT 22 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—The South Korean puppets brought more than 120 armed bandits with large-calibre machine guns and automatic rifles, some 10 military vehicles loaded with ammunition boxes and groups of tanks and armoured cars to different areas of the forefront in the central, western and eastern sectors of the front on December 19 and 20, creating an atmosphere of confrontation, military sources said.

On the 20th of December, groups of heavy tanks of the puppet army fired more than 140 shells from tanks at an area near the Demilitarized Zone in the western sector of the front and on the 19th and 20th the 105 mm and 155 mm artillery groups of the puppet army fired a barrage of more than 400 shells at the areas in the western and central sectors of the front.

On the 19th, several hundred armed bandits of the puppet army took an attack position in the eastern sector of the front and run amuck in attack operation exercises against the North, firing some 4,000 large-calibre machine gun and automatic rifle bullets in coordination with helicopter gunships and artillerymen.

### **Foreign Media Urge Military Removal**

*SK2212051594 Pyongyang KCNA in English 0431  
GMT 22 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA)—Voices demanding the removal of the concrete wall built in the area South of the Military Demarcation Line of Korea are ringing out from many countries.

The Burundi National Assembly in a statement on December 13 expressed support to the appeal sent by the standing committee of the Supreme People's Assembly of the Democratic People's Republic of Korea to the parliaments and politicians of all the countries on the lapse of 15 years since former military dictators of South Korea completed the concrete wall.

The statement said the 240 odd kilometre-long concrete wall is a physical checkbar obstructing Korea's reunification together with the South Korean "National Security Law" (NSL), the political and institutional checkbar blocking travel, contact and exchange between the North and South of Korea.

It strongly urged the South Korean authorities to immediately remove the "NSL" and the concrete wall.

The Thai paper BAN MUANG December 5 in an article captioned "Concrete Wall Dividing Korea Into Two Must Be Pulled Down" said North Korea is demanding the demolition of the wall of division, but the South

Korean authorities are failing to respond to the call. This proves that they do not want the reunification of the country, it added.

Radio Star of Peru on December 8 stressed that if an atmosphere of inter-Korean dialogue is to be created, the concrete wall, a symbol of division and of confrontation, must be pulled down above all.

Radio Nacional of the country said that the South Korean authorities must pull down the concrete wall at an early date and scrap the "NSL" at once as demanded by the world public.

### **Kim Yong-sam's Remarks Denounced**

*SK2212062394 Pyongyang KCNA in English 0404  
GMT 22 Dec 94*

["Powder-Reeking Utterances"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—The traitor Kim Yong-sam on December 19 showed up at a puppet army unit in the central sector of the front to "inspect" the combat capacity of the puppet army and went to a foremost position to give a bellicose instruction to "maintain a perfect defence posture", looking through field-glasses at the area of our side, according to a radio report from Seoul.

He in a "Christmas message" to the U.S. Army soldiers stationed in South Korea on December 20, too, made bellicose utterances that South Korea and the United States "should take an impenetrable defence posture".

The "defence posture" on the lips of the traitor means a combat posture for northern invasion.

It is an ill-boding military move that the traitor called "meetings of leading commanders" of different arms of the puppet army toward the end of the year and heatedly incited war fever, while inspecting frontline units and crying for "impenetrable defence posture".

The graveness of such a military move of the puppets lies in that it is becoming undisguised even now when working-level talks of different channels are under way according to the DPRK-U.S. agreed framework and progress is being made in the implementation of the agreement.

This fully shows that the Kim Yong-sam group is trying their hardest to render the situation of the Korean peninsula strained at any cost, disliking the implementation of the DPRK-U.S. agreed framework.

It is clearly proved by the fact that the traitor in his "Christmas message" made the preposterous remarks that "peace is not definitely guaranteed by the North-U.S. agreement".

The remarks of the traitor are no more than a sophism proceeding from the anachronistic denial of the present stark fact that a atmosphere of detente and peace is being



created in the Korean peninsula with the implementation of the DPRK-U.S. agreed framework.

### **Kim Kwang-chin Speaks at Vietnamese Function**

*SK2212053994 Pyongyang KCNA in English 0412 GMT 22 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—A soldiers' meeting of the Ministry of the People's Armed Forces was held in Pyongyang on December 21 on the occasion of the 50th founding anniversary of the People's Army of Vietnam.

Addressing the meeting, Kim Kwang-chin, vice marshal of the Korean People's Army, said that the People's Army of Vietnam which has grown in strength through the protracted anti-imperialist struggle is striving to implement the defence policy put forward at the seventh congress of the Communist Party of Vietnam, true to the behests of President Ho Chi Minh.

He expressed the conviction that the friendly and cooperative relations between the two countries will continue to strengthen and develop in the struggle for independence against imperialism and for the victory of the cause of socialism.

Tran Thuc, military attache of the Vietnamese Embassy here, in his speech said:

Today the Korean People's Army has registered shining achievements in the defence of the country, construction and the struggle to reunify the country under the guidance of Marshal Kim Chong-il, the great leader and supreme commander, in order to implement the behests of President Kim Il-song, changing the sorrow into strength.

He said that the Vietnamese people and Armed Forces always set great store by the militant friendship and solidarity with the Korean people and People's Army and are convinced that they will grow stronger and develop day by day.

### **Meeting Marks Anniversary of Cuban Revolution**

*SK2212055194 Pyongyang KCNA in English 0422 GMT 22 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—A meeting was held Wednesday in Nampo, a port city on the West coast of Korea, in celebration of the 36th anniversary of the victory of the Cuban revolution.

Yi Tae-yon, chairman of the Nampo Municipal Administration and Economic Committee, told the meeting the friendship between Korea and Cuba has favourably developed without wavering in any storm as it has been based on the particular intimacy between the great leader Comrade Kim Il-song and respected Comrade Fidel Castro. He expressed the conviction that the traditional friendship between the two countries will invariably be carried forward and kept in full bloom thanks to the

intimacy between the dear leader Comrade Kim Chong-il and respected Comrade Fidel Castro Ruz.

"The Korean people who are proud of having the friendly Cuban people as their brother and comrade-in-arms will, in the future, too, always fight shoulder to shoulder with the Cuban people in the same trench for independence against imperialism and for socialism," he added.

Jose Ramon Rodriguez Varona, Cuban ambassador to Korea, in his speech said the death of the great leader of the Korean people President Kim Il-song was the biggest loss for the progressive humankind of the world, a very heartbreaking pain for the Cuban people. "The Cuban people will always remember his revolutionary feats and revolutionary teachings," he said.

He expressed the belief that the revolutionary Korean people will march towards a higher goal under the wise guidance of Comrade Kim Chong-il, always true to the behests of the great leader.

"The great leader of the Korean people Comrade Kim Il-song will be immortal in our life and memory," he declared.

## **South Korea**

### **Reportage on Helicopter Incident in North**

#### **North Agrees To Return Remains**

*SK2212011794 Seoul YONHAP in English 0009 GMT 22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—North Korea has agreed to hand over to U.S. military authorities the remains of a downed American helicopter pilot at 10 AM Thursday [0100 GMT 22 December] in the truce village of Panmunjom, officers at the U.S. Forces Korea said Wednesday.

Congressman Bill Richardson, a New Mexico Democrat who was already in Pyongyang on a previously scheduled visit, will accompany the body of Chief Warrant Officer David Hilemon to the truce village, an officer said.

The agreement came during a series of Panmunjom meetings held Wednesday afternoon. The first session, which reportedly started at around 3:20 PM, involved the chief secretary of the UN component of the Military Armistice Commission, Col. Shoemaker, on the U.S. side and Lt. Col. Yu Yong-chol on the North Korean side.

This was followed by another meeting beginning around 6 PM attended by higher-ranking officers—U.S. Maj. Gen. Smith and Maj. Gen. Yi Chan-bong, a former North Korean delegate to the Military Armistice Commission.



A surviving U.S. pilot, Chief Warrant Officer Bobby Hall, will probably be allowed to leave North Korea shortly before Christmas, the officer said.

#### **Remains Returned 22 Dec**

*SK2212024194 Seoul KBS-1 Radio Network in Korean  
0204 GMT 22 Dec 94*

[FBIS Translated Text] The remains of Warrant Officer David Hilemon, who died when a U.S. helicopter made an emergency landing in North Korean territory, was handed over to the U.S. Forces' side at Panmunjom this morning [22 December].

At 1000 [0100 GMT] this morning, North Korea handed over the coffin containing the remains of Warrant Officer Hilemon to soldiers of the U.S. Forces waiting for it.

After a brief procedure to identify the remains, the U.S. Forces' side sent it to the U.S. Army hospital in Yongsan, Seoul. The remains of Warrant Officer Hilemon are likely to be returned to his country shortly.

Congressman Bill Richardson of the U.S. House of Representatives who held negotiations for the return of Warrant Officer Hilemon's remains in Pyongyang, also crossed over the Military Demarcation Line in Panmunjom to Seoul in accompanying Hilemon's remains.

Meanwhile, at the working-level negotiations with the U.S. Forces' side yesterday, the North Korean side refused to repatriate Warrant Officer Bobby Hall, claiming that he is still undergoing investigation. The U.S. Forces' side, however, expects Warrant Officer Bobby Hall to be repatriated before Christmas.

#### **North Assures Hall's 'Early Release'**

*SK2212095794 Seoul YONHAP in English 0943 GMT  
22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—North Korea assured that an American airman under its custody for investigation is unhurt and agreed to his early release, U.S. Congressman Bill Richardson said Thursday [22 December] after his five-day negotiations in Pyongyang for the airman's return.

But while agreeing to an early return, North Korea did not clearly commit to the release before Christmas, he said.

"Talks (with North Korean officials) were difficult, intense, often very heated because North Korean officials were suspicious of the incident," the solon said at a press conference here.

Two American airman—Army Chief Warrant Officers David Hilemon and Bobby Hall—strayed into North Korean airspace last Saturday aboard a helicopter and were downed.

Hilemon died, and Richardson had brought his remains when he crossed the Korean truce village earlier in the day.

"What is holding up his release is the investigation that (North) Korean People's Army is undertaking on the circumstances regarding the incident," he said, "after that is completed, then Hall will be released."

The agreement he and North Korea made was that he "leaves with the remains of Hilemon with an understanding that Hall will be returned to the U.S. very soon," said Richardson, but as to whether he will be released before Christmas, he "received no direct assurance on that."

North Korean officials assured him that Hall was "in good shape and not wounded," but refused to let him see the airman.

"They told me I could not see him because civilians were not permitted to visit military bases. My presumption is that he is at a military base near the site of the crash," he said.

He was able, however, to pass on a note based on his telephone conversation with Hall's wife.

As to the cause of Hilemon's death, "North Korea claims it was from trauma resulting from the crash," he said.

Circumstances regarding the chopper's downing remains unclear, and Richardson was unable to shed any new light, saying only that he was told investigation was still under way.

#### **Richardson on Pilot's Return**

*SK2212081594 Seoul YONHAP in English 0759 GMT  
22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—The U.S. Congressman who accompanied the remains of a slain American pilot out of North Korea said Thursday [22 December] he believes Pyongyang will soon return another pilot being held for investigation.

Rep. Bill Richardson, meeting South Korean Foreign Minister Han Sung-chu, was quoted as saying that North Korea insists on holding Chief Warrant Officer Bobby Hall and the helicopter he was piloting until the investigation ends.

But he predicted that Hall will be released by North Korea shortly, Foreign Ministry Spokesman Chang Ki-ho said after the meeting.

Hall and his co-pilot David Hilemon strayed into North Korean airspace last Saturday aboard a U.S. Army helicopter. The chopper was downed, and Hilemon died in the incident.

Richardson emphasized Washington's determination to secure the early release of both Hall and the helicopter,



hopefully before Christmas, as well as South Korea's support and cooperation, the spokesman said.

Foreign Minister Han, regretting the loss of life arising from the incident, promised his country's cooperation.

The New Mexico Democrat arrived in North Korea last weekend and was a main window to the negotiations on the U.S. soldiers' return. He crossed through the truce village earlier Thursday with the remains of Hilemon.

He met with North Korean Foreign Minister Kim Yongnam, Vice Foreign Minister Song Ho-kyong and Standing Committee Chairman of the Supreme People's Assembly, Yang Hyong-sop, while in Pyongyang.

Richardson told Han that North Korea appeared cautious, not wanting to let the incident hamper the growing warmth between Pyongyang and Washington, and showed keen interest in improving relations with the United States.

The Congressman said he stressed the importance of inter-Korean dialogue before Washington can improve ties with Pyongyang.

North Korea, however, only said the conditions are not yet right to talk with Seoul while admitting the need for such dialogue, Richardson said.

#### Ministry Seeks UNCMAC Involvement

SK2212025794 Seoul THE KOREA TIMES in English  
22 Dec 94 p 2

[FBIS Transcribed Text] Seoul believes that the controversy over the ill-fated U.S. Army helicopter and its crewmen should be settled in the framework of the United Nations Command Military Armistice Commission (UNCMAC), a senior Foreign Ministry official said yesterday.

Other officials, warning North Korea against manipulating the incident for political purposes, noted that it is not desirable that the incident might affect the nuclear agreement reached in Geneva, on Oct. 21.

In an extraordinary meeting of ranking officials presided over by Minister Han Sung-chu, the Foreign Ministry reaffirmed its "principle" that North Korea should release the detained pilot along with the body of the dead pilot as soon as possible and the issue must be dealt with in the MAC sessions.

Since its establishment in 1953, MAC has dealt with violations of the Military Armistice Agreement which ended the 1950-53 Korean War.

As it is believed that the U.S. Army helicopter violated North Korea's airspace before it went down, it is North Korea that should propose to convene a MAC meeting.

However, North Korea has boycotted the MAC since 1991 when South Korean Major General Hwang Won-tak was named chief delegate to the MAC, replacing an American general.

Therefore, only two working-level contacts were held at the truce village of Panmunjom Sunday and Tuesday when the U.S. side was told by their North Korean counterparts that the investigation on the incident is still underway.

Seoul officials have been very cautious in revealing their opinions on the incident, even after some U.S. officials threatened to link the North Koreans' delay in providing information on the whereabouts of the crewmen to the U.S.-North Korea nuclear agreement.

It is not appropriate for Seoul to intervene between them even though Washington threatened to reconsider its promise to improve relations with North Korea, a ministry official added.

Officials here believe that the North's delay in providing detailed information on the incident, including the fate of the pilot, is part of its long-held scheme to replace the armistice agreement with a peace treaty.

North Korea has attempted to sign a peace treaty with the United States in an apparent effort to secure the withdrawal of U.S. forces stationed in South Korea.

Meanwhile, U.S. Congressman Bill Richardson, whose visit to North Korea coincided with the downing of the helicopter, is still negotiating with North Korean officials for the safe return of the detailed pilot.

Officials expressed optimism that Pyongyang will send back the detained pilot along with the body of his dead colleague before Christmas in an apparent peace gesture toward Washington.

#### Article Views U.S. Intelligence Gathering

SK2112232894 Seoul CHOSON ILBO in Korean  
21 Dec 94 p 5

[By reporter Yu Yong-won]

[FBIS Translated Text] A rare occasion of an "intelligence-gathering war" occurred on the Korean peninsula on 17 December, when a U.S. military helicopter crossed the [North Korean] border. Up-to-date U.S. intelligence equipment such as an espionage satellite, U-2 reconnaissance plane, and communications intercepting equipments were wholly mobilized to confirm the emergency landing of the downed helicopter and the fate of the pilots.

When an ROK Army private discovered that the helicopter crossed the border at 1040 on 17 December, U.S. and ROK military intelligence agencies were put on emergency alert, but the intelligence-gathering means to confirm this incident were impeded because a U-2 reconnaissance plane was not in the air at the time and the helicopter would not appear on a radar screen since it was flying at a low altitude.

Nevertheless, right after 1100, it was surprisingly easy to confirm that the helicopter had made an emergency



landing in North Korea. This was possible through what the ROK and U.S. military consider its most secret communications intercepting equipment. Driven by the imminence of the situation, the North Korean military reported the emergency landing of the U.S. helicopter to its superior unit by wireless radio, and this showed up on the "nerve network" of the ROK and U.S. military.

Following this, however, the North Korean military reported on this matter primarily on its wire system because it was apprehensive that intelligence might be intercepted. Thus, it appears specific intelligence on the fatality of the pilots was not gathered.

The only thing that was picked up was the reprimand of the superior unit of the North Korean military to the lower unit responsible for the air route of the downed helicopter during a break from the situation, in which it says, "Why were you late in informing us of the emergency landing of the helicopter?" and says that a warning has been issued to strengthen the posture of alertness in the west front region.

The U.S. military authorities, which confirmed the emergency landing, sent up a U-2 plane over the skies of the eastern front and scoured this region to determine the accurate position of the emergency landing and the state of the helicopter.

Capable of photographing objects 24 km away in the air and 100 km away on the ground below, the U-2 plane had no difficulty finding the downed helicopter within 10 km of the Military Demarcation Line.

The U-2 plane reportedly found an "unusual object," which is presumed to be the downed helicopter, near Ipo-ri, Kumgang County, Kangwon Province, which is where North Korea announced that the helicopter had been downed.

While a dim spot to most, photograph-deciphering experts were able to determine that it was a U.S. military helicopter covered with tree branches. It was difficult to determine the extent of damage to the helicopter, because the aviators had already been evacuated, and because of the obscurity of the photographs.

Fortunately, the helicopter was a C-model, a relatively old model among OH-58 scout planes, and was equipped with no weapon or high-technology information gathering devices. So, while the helicopter is in the hands of the North Korean military, no damage will be done to the U.S. military. The new OH-58D's which were deployed to the U.S. Forces in the ROK along with AH-64 attack helicopter Apaches, are equipped with high-technology all-weather surveillance devices, Stinger air-to-air missiles, and rockets, thus experts say that if the new model had crossed the Demilitarized Zone, a very significant blow would have been dealt to the ROK and U.S. Armed Forces.

In addition, the United States reportedly adjusted the orbits which the KH-2 and other photographic reconnaissance satellites circuit on in the skies over North

Korea several times a day, and conducted comprehensive surveillance over this area to gather various pieces of information on the helicopter.

Upon seeing the development of the situation, ROK military officials concerned, pointed to our military's lack of information-gathering ability, saying: "If a similar incident had happened to the ROK military and it did not have U.S. assistance, it would have taken several days to gather information on the incident."

A high-ranking ROK military official said: "This incident provided us with an opportunity to realize the importance of intelligence, the "eyes" and "ears" of the military. He also said: "Military leaders must make efforts to acquire equipment and train personnel for information gathering."

#### **U.S.-DPRK Accord Link With N-S Dialogue Sought**

SK2212055394 Seoul HANGUK ILBO in Korean  
22 Dec 94 p 2

[Correspondent Yi Sang-sok from Washington]

[FBIS Translated Text] Some U.S. Republican congressmen are now pushing ahead with a working-level effort to introduce to the 104th Congress, scheduled to convene early next year, a resolution calling for linking the implementation of the Geneva agreed framework reached between North Korea and the United States with the resumption of inter-Korean North-South dialogue. This was revealed by U.S. congressional sources on 20 December (local time).

That day, noting that "some Republican representatives' aides are now preparing a draft of such a resolution," a congressional source said that "this work is being carried out in conjunction with preparations for a public hearing regarding the North Korean nuclear issue, to be held in Congress early next year."

This source added: "However, the resolution may be modified according to the result of the hearing. Accordingly, it seems that North Korea's attitude in the next few weeks, as well as its attitude toward the settlement of the recent U.S. helicopter incident, will become a main factor in deciding the contents of the resolution."

#### **U.S. Said To Consider Leasing Ex-Embassy**

SK2212020394 Seoul YONHAP in English 0056 GMT  
22 Dec 94

[FBIS Transcribed Text] Berlin, Dec. 22 (YONHAP)—The United States is looking into leasing the former East German Embassy in Pyongyang for use as a liaison office, the German daily FRANKFURTER ALLGEMEINE reported Wednesday.

The newspaper made the revelation while examining the present situation at the former East German Embassy



compound, maintained by only four people in the name of a German interest section.

Should the United States actually ask to rent the building, Germany would probably be receptive given the heavy burden of managing the large embassy situated on a 16,000-square-meter site.

As a result, observers here predict that the timing of the U.S. Liaison Office opening in Pyongyang may be advanced since Washington is seeking to rent instead of building a new embassy.

A diplomatic source here said that, considering the large scale of the former East German Embassy, Washington might dispatch a more sizeable diplomatic contingent in the initial stage than originally expected.

The ex-East German Embassy in Pyongyang stands in a mammoth compound boasting 26 houses for diplomats and related facilities in addition to the ambassador's mansion.

After national unification, the German Government placed its interest section under the control of the Swedish Embassy in Pyongyang, while working out of the former East German Embassy where four diplomatic personnel look after basic consular affairs and manage the embassy building and compound.

#### **ROK 6th Largest Importer of U.S. Products**

*SK2212031194 Seoul YONHAP in English 0109 GMT 22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—South Korea has emerged as the sixth largest importer of American products, while its trade surplus with the United States is on the decline.

According to U.S. Commerce Department figures obtained by the Korea Trade Promotion Corp., South Korea's imports from the United States in the first 10 months of 1994 rose 19.1 percent from a year earlier to 14.46 billion U.S. dollars, making the country America's sixth largest export market.

The figure was the largest among the four "Asian dragons": Imports of U.S. products by Hong Kong, Singapore and Taiwan in the like period amounted to 9.47 billion dollars, 10.79 billion dollars and 13.83 billion dollars, respectively. It also was far larger than China's 7.84 billion dollars.

Canada was the top importer of U.S. products at 93.91 billion dollars in the 10-month period, followed by Japan at 44.34 billion dollars, Mexico at 42.02 billion dollars, Britain at 22.43 billion dollars and Germany at 15.55 billion dollars.

Last year, Taiwan was the sixth largest importer of U.S. products, totaling 13.25 billion dollars in the first 10 months against South Korea's 12.13 billion dollars.

South Korea's imports from the United States during the first 10 months of this year were about the same as the overall imports of American products by the organization of petroleum exporting countries in the same period.

South Korea's trade surplus with the United States in the 10-month period amounted to 1.51 billion dollars, down 30 percent from the same period last year. The figure compared with Taiwan's 8.23 billion dollars, Singapore's 1.72 billion dollars and China's 24.57 billion dollars.

South Korea thus placed 13th in terms of trade surplus with the United States, following Japan with 53.92 billion dollars, Canada with 11.13 billion dollars, Germany with 10.19 billion dollars, Italy with 5.15 billion dollars, Venezuela with 3.55 billion dollars, Nigeria with 3.28 billion dollars, Indonesia with 3.02 billion dollars, France with 2.74 billion dollars and Sweden with 1.91 billion dollars.

#### **DPRK Move To Open Territorial Airspace Assessed**

*SK2212070394 Seoul YONHAP in English 0529 GMT 22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—North Korea's announcement Thursday that it will open its airspace is more a symbolic gesture than a practical action, and it won't affect South Korean access.

North Korea is already a member of the International Civil Aviation Organization (ICAO). But at the ICAO's first conference in Chicago back in 1944, the participants failed to produce an agreement on transit rules. The transit regulations were adopted later, contained in the International Air Service Transit Agreement (IASTA).

This time lag is why some countries like North Korea are parties to the ICAO but still refuse passage of foreign aircraft through their airspace.

It is the IASTA that Pyongyang now says it will join. This is the first time that North Korea has said it will allow access to its airspace. Previously, the hermit kingdom had tightly sealed off its territory, which is why some observers here attach symbolic meaning to the decision.

The basic obligation under this agreement is permission for technical landing by all passing aircraft, such as for refueling. But the IASTA says that passing aircraft cannot load or unload passengers or cargo. It also does not apply to military-purpose aircraft or to vessels from countries considered enemy states, which means South Korean planes will not benefit from North Korea's action.

There are three types of transit—one for solely technical reasons such as refueling, for passenger disembarkation only, or for both loading and unloading passengers.

The IASTA guarantees the most basic form of transit among the three—technical landing. The other two involving passengers are possible only through bilateral pacts with North Korea.



Officials here say the reclusive North's unexpected announcement is apparently targeted at the Seoul-Beijing direct flight service that started Wednesday.

North Korea's announcement suggests its action will open the Tokyo-Pyongyang-Beijing route, which may indeed prove cheaper. North Korea's sole civilian carrier, Air Koryo, possesses a total of 64 aircraft including 29 main and 35 auxiliary planes. The company flies five international routes—Pyongyang-Moscow-Berlin, Pyongyang-Moscow-Sofia, Pyongyang-Khabarovsk, Pyongyang-Beijing and Pyongyang-Bangkok.

**\* Article Discusses DPRK Infrastructure Policy**

952C0027A Seoul NAEWOE TONGSIN in Korean No. 920, 29 Sep 94 pp C1-C6

[FBIS Translated Text] Seoul—North Korea's infrastructure policy has sought to use highways and sea and water lanes as auxiliaries to railways, the backbone of the transportation system, while having each factory perform the whole process of production from processing of raw materials to finished products in its own plant in order to reduce the volume of transportation.

The locations of housing for factory employees are limited to the areas near their work sites, and travel except on official business is kept to a minimum to keep passenger transportation down as much as possible. In this way travel is restricted in order to smother the need for transportation at its sources.

However, with the economy beginning to expand in the latter part of the 1970's, problems concerning the infrastructure, including the transportation bottlenecks, became serious. As an immediate means of coping with the difficulties in transportation problems, North Korea pursued what it called "three-point transportation policy" of concentrated transport, joint transport, and container transport and implemented the "three-fold transportation system" of pipelines, conveyor belts, and cable ways.

One of the characteristics of the North Korean transportation system is that railway transportation is its backbone with highway and marine transport playing an auxiliary role. Of the total volume of freight transportation, railway transport accounts for 90 percent and highway and marine transport accounting for 7 percent and 3 percent respectively. In the case of passenger transportation, railway and highway transport accounts for 62 percent and 37 percent, respectively, with marine transport accounting for 1 percent.

As of 1992, North Korea's railway network consisted of 60 or more railway lines with their combined length extending to 5,095 km, of which the total length of the electric railway lines was 3,397 km, or 66.7 percent.

North Korea has given priority to railway electrification for these reasons: 1) Electric locomotives, with more horse power than steam locomotives, are effective in

steep hills in mountain areas; 2) the replacement of antiquated steam locomotives became unavoidable; 3) power can be conserved by using electric locomotives which are more efficient than diesel locomotives powered by imported oil.

Despite the high rate of electrification, however, the operation of North Korea's railway system remains inefficient because with 98 percent of the total railway lines being single-track lines, the more frequently trains run, the longer the waiting time at the stations becomes, reducing the efficiency of train operation. In addition, the power shortage is causing difficulty to railway transportation as in other sectors. (The hourly speed of train runs on the Pyongnam line is 38 km, and that on the Pyonggae line is 37 km.)

**Railway Transport Accounts for 90 Percent**

Highways in North Korea have been developed as an intra-regional rather than an inter-regional means of transportation. Accordingly, North Korea's policy on the construction and operation of highways is based on the major principle of short-distance train runs of no more than 30 km with a view to attaining fuel conservation and lengthening the life span of rolling stock. The aggregate length of highways in North Korea is 23,219 km, of which 524 km are expressways. The total length of paved highways is approximately 1,861 km, or less than 10 percent of the total highways. The level of the highway construction is very low.

North Korea's marine transport is at a disadvantage partly because its east and west coastal lines are not connected and partly because railways are available for transport to and from China and Russia, its two major trade partners. As a result, marine transport accounts for only 3 percent of the total volume of freight transport.

North Korea has eight trading ports, namely, Chongjin, Najin, Sonbong, Hungnam, and Wonsan on the east coast, and Nampo, Songnim, and Haeju on the west coast. As of 1992, the annual unloading capacity for heavy cargoes was 35.1 million tons.

North Korea has a total of 98 ships with 510,000 GT. The breakdown is: 57 general freighters (247,000 GT), 28 fish processing and transport ships (51,000 GT), 2 oil tankers (13,000 GT), 6 ore carriers (79,000 GT), and 2 passenger liners (12,000 GT).

In North Korea it is rare for ordinary private travelers to travel on domestic airlines. Regular flights on the Pyongyang-Hamhung-Chongjin line serve official travelers. In addition, there are irregular flights to transport personnel and materials.

**Marine, Air Transport Plays Auxiliary Role**

Suan Airport is an international airport situated on the outskirts of Pyongyang. There are 17 domestic airports including those in Suan, Sondok (Hamhung), Chongjin, Hyesan, Samjiyon, Sunchon, Kwail, and Wonsan. Most



of them are small airports for both civilian and military uses. Mostly helicopters serve these airports because their runways are short and their facilities are inadequate.

North Korea has 24 passenger planes serving the international air lines. Of the total, 10 have a long-range capacity. They are: six IL-62M's with a range of 9,145 km, and four TU-154B's with a range of 5,285 km. There are six medium-range passenger planes, consisting of two TU-134B with a range of 3,000 km and four IL-18's with a range of 2,384 km. There are also eight short-range AN-24's with a range of 1,291 km.

Realizing the importance of foreign trade, North Korea began to be interested in international communications beginning in the 1980's. With preparations for the 1989 Pyongyang World Festival of Youth and Students as a momentum, North Korea began to expand and modernize its domestic and international communication facilities.

However, because North Korea's communications policy is primarily aimed at satisfying the needs for official communications, the civilian sector of communications remains in a backward stage.

For international communications with the former communist bloc, North Korea uses the wireless networks linking Pyongyang to Beijing and Moscow, as well as the wired networks of the Sinuiju-Beijing and the Chongjin-Vladivostok lines. For communications with the Western World, it uses the Pyongyang-Singapore, Pyongyang-Hong Kong, and Pyongyang-Japan wireless networks. It also uses indirect communication channels via China.

As of 1991, North Korea had 820,000 telephone circuits, or 3.7 circuits for every 100 persons. The number of circuits per 100 persons in North Korea is high compared with 0.76 circuits in China and 0.15 circuits in Vietnam. But it is very low compared with 15.0 circuits in the former Soviet Union and 10 to 16 circuits in East European countries. In the 10-year period from 1982 through 1991, the number of telephone circuits increased only at an annual rate of 3.8 on the average. In terms of the annual average rate of increase in the number of telephone circuits per 100 persons, North Korea is behind China and Vietnam, which recorded an increase of 13.8 percent and 9.0 percent, respectively, and even behind the former Soviet Union and East European countries, which registered a 5 to 6 percent increase. International telephone calls from and to North Korea are connected through China, the former Soviet Union, and Japan. As of 1990, a total of 50 international circuits were in operation.

#### **Telecommunication Network Falls Far Behind**

As of 1989, North Korea had 3.7 million radio receivers. The number is estimated at 3.75 million as of 1991.

Supposing each household has five members, these figures are equivalent to one set for each household. The total number of television sets is estimated at 300,000 (1.5 sets for each 100 persons), or one set for each 13 households (5 persons in each household).

Shortly after liberation, hydro power generation accounted for 90 percent of the total electricity output in North Korea. To overcome this lopsided preponderance of hydro power generation, North Korea pursued a policy of equalizing the thermal and hydro power output. During the first 7-year plan period (1961-1970), North Korea planned to increase the percentage of thermal power generation to the total power output to 32 percent, but the actual percentage attained was only 18 percent. After the 6-year plan (1971-1976), the percentage of thermal power generation increased to 43 percent, and North Korea pursued an electric power development policy with emphasis on thermal power generation. It planned to increase the percentage of thermal power generation to 68 percent in the second 7-year period (1978-1984).

As of 1993, the total capacity of North Korea's power generating facilities was 7,142,000 kw, of which hydro power generation was 4,292,000 kw (60.1 percent) and thermal power generation was 2.84 million kw (39.9 percent). The total power output as 22.1 billion kwh, of which the hydro power output was 13.3 billion kwh or 60.2 [figure as published] percent and the thermal power output was 8.8 billion kwh or 39.9 [figure as published] percent.

North Korea's power generating capacity has stagnated since it peaked at an output of 7,142,000 kwh in 1990. The power output continued on a downward trend falling from 29.2 billion kwh in 1989 to 27.7 billion kwh in 1990 to 26.3 billion kwh in 1991 to 24.7 billion kwh in 1992 to 22.1 billion kwh in 1993.

#### **Social Overhead Investment To Increase in Najin-Sonbong Area.**

North Korea's annual electricity demand is estimated at 50 to 60 billion kwh. But the annual average power



output in the 1990-1993 period was 25.2 billion kwh, or only 40 to 50 percent of the total demand. This suggests that the factory capacity usage rate probably ranges between 30 and 40 percent.

North Korea's social overhead capital is really in a sorry state. The inadequate infrastructure has been a major cause of the severe economic stagnation that has continued since the latter part of 1990.

North Korea established the Najin-Sonbong special economic zone as an opening measure designed to overcome its economic difficulties. Since then it has been pushing ahead with a priority plan to expand social overhead capital investment in this zone in order to induce foreign firms to move in.

For this plan, North Korea will encourage foreign capital investment in various development projects costing \$3,238,840,000 through joint and cooperative ventures.

**Social Overhead Capital Investment Expansion Plan for Najin-Sonbong Free Trade Zone (in millions of dollars)**

	No. of projects	Investment method	First stage	Second stage	Third stage	Total
Railways	6	Cooperative Venture	158.12			158.12
Highways	6	Joint Venture		206.80	139.70	346.50
Ports	3	Cooperative/Joint	375.60	405.50	876.00	1,657.10
Airports	1	Cooperative/Joint	467.65	260.92		728.56
Communications	2	Cooperative venture	40.90	147.66		188.56
Electricity	1	Cooperative venture	160.00			160.00
Total	19		1,202.27	1,070.88*	1,015.70	3,238.84

[\* This figure is as published; it should be 1,020.88]

The infrastructure development plan envisages an investment of \$1,202.27 million in the first stage (1993-1995), \$1,020.88 million in the second stage (1996-2000), and \$1,015.7 million in the third stage (2002-2010). By project, three port expansion projects need \$1,657.1 million, the Sonbong international airport construction project needs \$728.56 million; and the highway repair and expressway construction projects need \$346.5 million.

However, investment in infrastructure development projects is more risky and takes a longer time to become profitable and to pay back the original capital. Accordingly, given the unfavorable investment conditions for foreign investors—such as a potential political risk, the small scale of the domestic market, the continuing economic stalemate, and rigid socialist centralized controls—it will not be easy for North Korea to attract foreign investors to these infrastructure projects.

North Korea has tried to bring in foreign investment since it enacted and proclaimed the Joint Venture Law in 1984. But as of the end of 1993, the total amount of foreign capital introduced in the 10-year period is estimated at \$150 million. To complete the whole three-stage plan by the year 2020, North Korea will have to introduce more than 20 times as much foreign capital as it did in the past 10 years.

Success in the introduction of foreign capital for these infrastructure expansion projects depends on how North Korea will minimize its centralized control over and interference with foreign enterprises and how far it will

go to allow the market mechanism to operate in place of "our own way" of doing business based on the politics-comes-first philosophy.

**\* Article Names Private Sector's DPRK Experts**

952C0032A Seoul CHUGAN CHOSON in Korean  
3 Nov 94 pp 26-28

[By reporter U Chong-chang]

[FBIS Translated Text] On 5 July, the day two South Korea citizens were abducted by the North Korean army, Yi Kum-yong, a department director of Samsung Corporation, received an emergency international telephone call from China. The caller was the mayor of a certain Chinese city. Saying that he had tried to call Director Yi several times, the caller passed a piece of "intelligence" to him. The content of the information was that while bargaining over the price of an antique with a North Korean broker, two South Koreans were kidnapped by North Korean soldiers who appeared from nowhere.

The incident came to light when South Korean mass media gave it wide coverage on 25 July when the two South Koreans were released 20 days after their abduction. What is noteworthy in this connection is the fact that the Samsung Group has nothing to do with the two South Koreans in question, but when the incident occurred, the aforementioned Chinese official immediately tipped off Samsung's Director Yi in particular. Why?



The reason is that Director Yi has forged an intimate personal relationship with the Chinese mayor while working as the head of Samsung's North Korea team. Director Yi visited Jilin and Liaoning Provinces, the border area between China and North Korea, several times to contact North Korean officials while he was the head of that team, and developed an intimate acquaintanceship with local Chinese officials in this process. He met with not only mayors but also responsible officials of the provincial governments. The personal relationships forged in this way played a decisive role in being tipped off with valuable "intelligence."

According to "Case Studies of North-South Trade," released by the National Unification Board [NUB] last December, the volume of gold ingots brought in from North Korea in the period from January through September 1993 totaled 6,027 kg. However only a few knew that the bulk of these ingots was brought in by Samsung as payments for the goods it sold to North Korea. It was none but Director Yi who had arranged Samsung's trade with North Korea.

That is why Director Yi Kum-yong is well known to our government branches handling North Korea affairs, which highly appreciate information regarding North Korea obtained by him. He was transferred to Samsung's distribution department as its head in May. When the two South Koreans were kidnaped, he was not the head of the North Korea team. But he was trusted by Chinese officials so much that they tipped off him on the incident.

Pak Won-kil, head of the Daewoo branch office in Beijing: His title is managing director. He is a "star authority on North Korea" acknowledged by Korean journalists stationed in Beijing. They have to call him up first to ascertain whether a certain "report" about North Korea is true or not. He is the longest serving branch head among all the branch directors of Korean companies stationed in Beijing. When the Daewoo Group sets up a branch in North Korea in the future, he will be "number one candidate for the head of the Pyongyang branch office."

Managing Director Pak, a graduate of Seoul University, was originally an employ of the Korea Development Bank, which he joined in 1968. While working for the New York branch of the bank, he was scouted by Daewoo. His strong points are business acumen and an outstanding knowledge of English. When Daewoo established a branch in Hong Kong in 1985 as a base of operation for its advance into China, he worked there. He became the first head of Daewoo's Beijing branch office when it opened in February 1990. He has been involved in business operations in "special areas" for long. He has consolidated his position as a "star authority on North Korea" by taking advantage of his U.S. citizenship to visit North Korea several times.

With the nuclear issue settled for now at the Geneva U.S.-North Korea talks arousing interest in expanding

business operations into North Korea, "star authorities on North Korea" like Daewoo's Pak Won-il and Samsung's Yi Kum-yong, who have "connections" with North Korea, are in the limelight.

In fact, there are quite a few North Korea experts like Pak Won-kil and Yi Kum-yong in our country. Some of them visited North Korea. This fact has not surfaced up until now because each corporation treats its plans to expand its operations into North Korea as a secret, refusing to divulge its details. Nevertheless Japanese general trading firms seeking to move into North Korea are watching these North Korea experts closely and covertly asking for a helping hand.

In the past Chong Chu-yong, honorary chairman of the Hyundai Group; Daewoo Group Chairman Kim U-chong, and Kohap Group Chairman Chang Chi-hyok were known as the forerunners in the moves to advance into North Korea. They visited Pyongyang with permission from our government, discussed Mt Kumgang development plans with Kim Il-song, and actively explored business opportunities in North Korea. They are not the only ones; in fact, most of the heads of our 10 largest conglomerates visited Pyongyang. Through these contacts South Korean conglomerates succeeded in operating in North Korea making products with materials supplied from the South by using inexpensive North Korean labor and importing the finished products, or trading agricultural products and minerals with North Korea. But that was done under the Sixth Republic.

With North Korea's sudden announcement of its decision to withdraw from the nuclear nonproliferation treaty (NPT) following the inauguration of the Kim Yong-sam Administration, the nuclear issue became a decisive obstacle to business expansion into North Korea. The Kim Yong-sam Administration announced that "only when the transparency of the nuclear capability is guaranteed, will North-South economic cooperation be possible." As a result, the moves of South Korean corporations to expand their operations into North Korea have been constrained knowingly or unknowingly.

However, experts on North Korean affairs are unanimous in pointing out that several South Korean firms have made quiet and substantive contacts with North Korea through "star authorities on North Korea," and the business climate has changed as a result.

President S of the Ssangyong group: Officially, he is not the head of Ssangyong's North Korea team. On the surface, he has nothing to do with the "New project assistance team," a group newly organized for operations in North Korea. Only a few Ssangyong officials, including Chairman Kim Sok-won, are said to know the role President S plays in Ssangyong's move to advance into North Korea.

It is not by choice but because of North Korea's profound faith in him that President S is playing a key role



in Ssangyong's move to operate in the North. As it happened, his grandfather was the clergyman Kim Il-song trusted. Kim Il-song is said to have declared openly, "I will arrange an 80th birthday party in North Korea for Clergyman S."

In mid-August after the death of Kim Il-song, North Korea arranged a grand birthday party for Clergyman S in the middle of the mourning period for Kim Il-song. A helicopter was provided to give him an aerial tour of Mt. Paekdu and Mt. Kungang. Kim Il-song's promise was honored posthumously. North Korea videotaped the birthday party and presented the copy to the clergyman. Later the tape was played back by a South Korean TV station.

Our "star authorities on North Korea" say: "We have often heard several cadres of the North Korean Committee for Promotion of External Economic Cooperation, which tries to lure investment from South Korean firms, mention Ssangyong President S." They added, "The Ssangyong Group is the most quiet but most seasoned and most active enterprise among South Korean firms trying to move into North Korea."

Besides Ssangyong, Jinro and Miwon are also trying to move into North Korea by enjoying its trust. The Miwon Group is contacting North Korea through Chinese officials at the provincial and municipal levels. It is advantageous in terms of personal safety and in other respects to go through Chinese officials. The three northeastern provinces of Jilin, Liaoning, and Heilongjiang, as well as Yenji, Hunchun, and Tumen municipalities adjacent to the North Korean border, are providing assistance to South Korean firms in an effort to lure South Korean technologies and capital to China. Chinese officials are said to place ample trust in the Miwon Group.

Chairman Yim Chang-uk is leading the Miwon Group's operations dealing with North Korea. He visited Pyongyang during the Sixth Republic. During this visit, he happened to come across Jinro Group Chairman Chang Chin-ho at the lobby of Koryo Hotel. They were taken aback by this chance encounter because both of them were visiting Pyongyang secretly. This is an episode well known to industrial circles. Jinro Group Chairman Chang is said to be contacting North Korea through Chinese officials.

Haiduk Express President Kim Ha-chong: He is a president of the medium-sized business firm engaged in the marine transportation business, but is recognized as a "star authority on North Korea." He has personal ties with the Sonho Group (headed by President Yi), a Chinese business group with a 50-year lease on Chongjin Port in North Korea. President Kim Ha-chong sent a ship of Korean registry to Chongjin port five times.

With the help of the Sonho Group, Kim Ha-chong assisted Taeho Construction Co. in obtaining a development permit for and a lease on the Najin-Sonbong area

in North Korea. He also obtained a permit for Pusan-Chongjin travel service and tourism in the Najin-Sonbong area.

Since the Kim Yong-sam Administration was installed, Ssangyong, Miwon, Jinro, and Taeho Construction have actively tried to explore ways to operate in North Korea. But the initiative is still in the hands of five conglomerates, namely, Samsung, Hyundai, Daewoo, Lucky-Goldstar, and Sunkyong.

Among the five, Samsung is the strongest in its ability to collect and analyzing data related to North Korea; Daewoo stands out in the area of practical actions. Chairman Chong Chu-yong is in charge of North Korea-related operations in the Hyundai Group, with a determination to devote his remaining life to that end. The Lucky-Goldstar Group and the Sunkyong Group are pushing their North Korea-related operations through Choe Su-chin, a trader in Heilongjiang Province, and trader H in Jilin Province, respectively.

With the current rush of South Korean firms to move into North Korea, "star authorities on North Korean" lament over some "bizarre developments." One such development is the Sindok spring water case. Sindok is a famous spring in North Korea. Sindok spring water is one of North Korean export items aimed at earning foreign currency. There are as many as 10 South Korean firms that claim the "ownership" of Sindok Spring, producing the letters of guarantee. Even certain large corporations are said to be among them. There is only one Sindok Spring, but 10 companies are claiming its ownership!

This happened because Sindok spring water is so famous that South Korean firms vied with each other to sign contracts with North Korean trading firms to import it. North Korea under the one-party dictatorship of the Korean Workers Party does not recognize private ownership. Therefore, the letters of guarantee which South Korean firms signed with North Korean trading firms without the approval of the North Korean government could turn out to be "pieces of waste paper."

According to "star authorities on North Korean affairs," "most of the letters of guarantee are the papers signed with North Korean trading firms, such as Taesong Trade, Nungna Trade, Kungangsan Trade, and Oryun Trade. They say: "A letter of guarantee is first signed with an agent representing the North Korean government; and after that, another letter of guarantee is signed with the provincial or municipal authorities; and after that, still another letter of guarantee is signed with the ministry in charge before the initial contract becomes valid."

Sansu Beverage Co. is said to have obtained the right to develop drinking water in Hamgyong, Yanggang, and Chagang Provinces in North Korea. Sansu Beverage signed a letter of guarantee with the North Korean



Committee for Promotion of External Economic Cooperation through China's Sonho Group.

Noteworthy among the letters of guarantee signed between South Korean firms and North Korea is the one the Committee for Promotion of External Economic Cooperation signed on behalf of the North Korean government with Taeho Construction Co.

Despite the active undersurface contacts, the attempts of South Korean companies to operate in North Korea are blocked by our government policy of "nuclear transparency first, North-South economic cooperation after," and as a result, there has been no substantive investment. South Korean companies are in the stage of exchanging letters of guarantee or agreement with North Korea. "Authorities on North Korea" say that our government needs to change its policy toward North Korea before these papers can go into effect.

In this connection, a concerned Chongwadae official said: "Our government is expected to announce an overall policy toward North Korea when the public ill feeling against the U.S.-North Korea dialogue, which has proceeded with South Korea completely shut out, subsides somewhat. "In that event," they added, "the nuclear issue and North-South economic cooperation—the two issues which have been linked to each other—will probably be separated."

The same official predicted that the government will present a new North Korea policy towards the end of the year.

"Star authorities on North Korean" have operated under the surface so far, squeezed between the government agencies and constrained by the Chinese government. It will not be long before they come up to the surface and breathe new life into North-South trade.

#### **Government To Participate in UNDP Program**

*SK2212120594 Seoul YONHAP in English 1036 GMT 22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—South Korea, jointly with the United Nations Development Program (UNDP), will take part in the Non-Government Organization (NGO) activities support program for the preparation of the "Beijing World Women's Conference" being promoted as part of the UNDP's Fifth National Projects.

An agreement to this effect was signed by the representatives of the government, UNDP and the NGO Korea Committee in Seoul Thursday [22 December].

The NGO activities support program will be undertaken through 1996 in 11 areas including symposium, religion, politics, development, health, culture and vocational development.

An official at the office of the second minister of state for political affairs said that through research, publicity and

other activities in the 11 areas, the Korean women's circles will have chances to develop their leadership and international cooperative ability.

The 4th World Women's Conference in Beijing is set to take place from Aug. 30 through Sept. 8 next year with the attendance of tens of thousand women from all world countries.

#### **Northeast Asian Stability Prospects Viewed**

*SK2212120394 Seoul YONHAP in English 0548 GMT 22 Dec 94*

[By Yi Tong-min: "Mood For Stability Matures in Northeast Asia"—YONHAP headline]

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—Despite the lingering uncertainty and volatility in Northeast Asia, the post-Cold War current will prevail throughout the region in the coming year.

This is not because security conditions have changed, although they have turned more favorable, but because all nations in the region have a vital interest in maintaining the status quo and avoiding destabilization.

Escalating tension and unnecessary confrontation are the last things on the minds of the United States, China, Russia and Japan, which all have domestic matters requiring priority attention.

In other words, they will voluntarily serve as reins to ensure stability.

But for South Korea, this adds urgency to improving inter-Korean relations.

The new year marks a crucial crossroad in the making of the Korean peninsula's future.

Never have so many countries been involved in Korean affairs since the 1950-53 Korean War. They have been brought on the scene to deter North Korea's nuclear buildup. From next year, they will participate in guaranteeing peace on the Korean peninsula and in the whole of Northeast Asia by supporting the U.S.-North Korea nuclear agreement.

Regional powers such as China and Russia are to assume a role in this process, as well as the advanced members of the Group of 7 and European nations, be it through putting up money and equipment or in name only.

Communication between North Korea and the international community will be most active and Pyongyang, known as the "Hermit Kingdom," is expected to grab this chance and launch aggressive diplomacy.

In this sense, the coming year is the beginning of a long process of establishing new relationships among the various players. The international community will turn on its entrepreneurship and make bold advances into a desert-like North Korean market.



North Korea, on the other hand, will try to open up just enough to gain economic and diplomatic breathing space while keeping itself closed just enough to sustain its unique political system.

All this is based on the assumption that all parties to the nuclear agreement, especially North Korea, will faithfully implement it. If any one side failed to meet its commitments, the whole thing could easily fall apart.

But the safe bet is that each nation will uphold its share of the bargain.

"The agreement itself was possible because it answers to the key interests of all parties involved," says Kim Sam-hun, South Korea's ambassador for nuclear affairs. "The terms of the agreement are interlocking. No one can get what they want unless the other side gets what it wants as well."

Some are more fearful of the consequences of a broken pact while others pursue tangible benefits.

China, North Korea's neighbor, certainly doesn't want any clashes in the region. Beijing knows full well what it's like to be sandwiched between its ideological ally North Korea and the international community.

Warmer relations between Pyongyang and the western world would mean less of a burden for China, which has its own domestic problems to heed amid the prospect of Deng Xiaoping's death.

Japan would be more concerned with reaping tangible gains. It marks the 50th anniversary of the end of World War II next year but has yet to clear up its wartime history with North Korea.

The nuclear stalemate prevented Japan from wooing North Korea, but once the agreement proceeds as planned, Tokyo will hardly contend as a runner-up in establishing new ties with Pyongyang.

Moreover, the Japanese Government is hanging on by a thread, sustained by an "odd couple" coalition between the Liberal Democratic and Socialist Parties. With a general election coming up next summer, the coalition needs to prove to the public that it has a grip on northeast Asian affairs, that it is indeed playing a key role.

Russia is too preoccupied with strife along its vast border to want tension with neighboring North Korea. What it most desires is regional stability on condition that it be given a role in the process.

Then there is the United States, considered the deciding factor. Washington is driven by two goals—halting nuclear proliferation and doing so while averting confrontation.

The nuclear agreement embodies both of these goals, and the U.S. stake is high in seeing to it that the pact is implemented.

At the same time, it can further its interests in Northeast Asia.

Washington is expected to exchange liaison offices with Pyongyang, meaning it will open the first door to North Korea. It will then gradually strengthen its foothold in North Korea, through which it can bolster its presence in Northeast Asia.

A new Republican-controlled Congress in Washington, in spite of its dissatisfaction with the nuclear agreement, will hardly forego such a golden opportunity.

While these countries' common desire for regional peace and stability may bring a warm wind to Northeast Asia, it could work against Korean reunification.

Everyone will be on guard against a single nation having an exclusive relationship with North Korea. No one wants to see a single superpower emerge in the region.

While this situation may prevent a storm, it could trap the region in a state of calm in which the necessary spark for Korean reunification would never be ignited.

The worst scenario, and not altogether unlikely, is that North Korea would improve relations with everyone but South Korea at this juncture, actually delaying Korean unity.

Optimists say that once outside influence sneaks into North Korea, the momentum of its social opening, ultimately ending in national reunification, will start gathering steam.

The task for Seoul in the coming years, then, is being true to its own national interests instead of becoming engulfed in the interests of its neighbors, making sure that the region's new political climate is conducive to, not running against, national reunification.

#### **Consulting Body for Foreign Workers Formed**

*SK2212031294 Seoul YONHAP in English 0101 GMT  
22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—A private consulting body has been formed to advise the government on the overall management of foreign workers, the Korean Federation of Small Business (KFSB) said Thursday.

The federation said it held the first meeting Thursday of the "Management Council for the Project of Foreign Workers' Training and Employment," a consulting body made up of groups related to the employment of foreign workers here.

KFSB Vice President Yi Pyong-kyun chairs the management council, which comprises eight representatives from various walks of life including small business, the Korean Employers' Association, the academic world and legal circles.



Small businesses employ about 18,000 foreign workers here and plan to invite another 10,000 soon. An estimated 50,000 to 100,000 illegal aliens are working in South Korea, a KFSB official said.

The newly formed council will discuss ways of improving the low wages of foreign workers and their welfare as well as make recommendations to the government on policy related to these workers.

An official at the Trade, Industry and Energy Ministry said, "The employment of foreign workers is a project of private businesses rather than of the government. So the private management council will practically be the supreme body to decide on the details of the employment of foreign workers."

### **Prospects of ROK Politics, Economy Examined**

SK2212032394 Seoul YONHAP in English 0003 GMT  
22 Dec 94

[By Yi Kwang-ho]

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—Kim Yong-sam embarks on the middle phase of his presidency in 1995, a year that is expected to accent civilian rule in genuine terms.

The first phase of his 5-year term witnessed the laying of a foundation for reform and change, while the new year will transform such civilian reform into a more concrete reality.

Domestically, the major political players—the ruling Democratic Liberal Party (DLP) and the opposition Democratic Party (DP)—will reshape themselves by holding national conventions and they must also face four major local autonomy elections, a watershed for the nation's political future.

Rapid change is forecast externally with the arrival of an era of limitless competition brought by the birth of the new World Trade Organization (WTO) and internally with unpredictable circumstances on the Korean peninsula and in South-North relations.

Moreover, 1995 will be a significant year for the Korean people as well as Korean history as the nation commemorates the 50th anniversary of liberation from 35 years of Japanese colonial rule.

But the civilian government also bears the task of satisfying the people in conducting state affairs in the continued pursuit of reform and change and of realizing detailed programs for the country's globalization.

Although legal and institutional reform has come to state administration, South Koreans in general are still not completely satisfied with its effectiveness.

Despite the harsh audit and inspection campaign begun in the initial stage of the Kim administration, many

people are still alienated from the government as indignation rises over huge tax scandals involving public officials.

The government, on the other hand, must allay the unrest in officialdom created by the massive administrative reorganization.

As for President Kim and his government, the most pressing issue at stake concerns the elections for heads of local self-governing bodies slated for June 27.

These polls will surely usher in an era of full-scale localization, but at the same time they will be unleashing a whirlwind on the country's future political situation.

Of course, many wags maintain that the local elections should be postponed as they could hinder the national drive for globalization. President Kim, however, seems to have no other choice but to conduct the polls as scheduled and as agreed between the ruling and opposition parties.

As he vowed repeatedly earlier, President Kim is determined to hold the fairest and cleanest elections possible to consolidate the foundation for political reform and to minimize any adverse consequences.

However, Kim shoulders a double burden in the elections: He must show the real picture of political reform and his ruling party needs to gain victory to solidify his rule.

In this connection, Kim is sure to rekindle his reformative agenda for overall state affairs from the onset of the new year.

He has already started "the second civilian revolution" as seen in the massive government reorganization and most political observers predict that he will perform major surgery on any laws, systems and practices that might otherwise hinder the national push for globalization.

Ruling party officials assume that the so-called civilian revolution will spread to local, economic and educational reforms from the administrative and ruling party revamp.

Sources at Chongwadae [presidential offices] predict that the central government overhaul will soon be followed by another massive reorganization of lower administrative agencies, state-run or invested corporations and institutions at all levels.

A wholesale restructure of local administrative bodies is inevitable as a substantial degree of the central government's tasks will have to be turned over to local governments.

Observers say the present three-stage organization of local governments will be reduced to a more simple and effective two-stage setup.



As soon as the administrative reform is completed, the Kim administration is expected to accelerate further change of the economy and education to meet the national goal of globalization.

As the globalization program seeks to prepare the country for hot competition without borders, the government is likely to repeal various regulations that would hinder Koreans' free business activities both at home and abroad.

In addition, sweeping reform is forecast for the educational system, including the university entrance examinations, in a manner that cultivates human resources suitable for internationalization with a sense of creativity and self-control.

The civilian government also bears the historical task of reinforcing South Korea's capability for national reunification as the country celebrates the 50th anniversary of liberation from Japanese rule.

In this connection, the government is expected to forge ahead toward further improving inter-Korean relations through reconciliation and mutual exchanges.

On the trade front, President Kim will strive to expand his diplomatic capability and horizons by placing more emphasis on pragmatic trade diplomacy to meet the international competition.

Government sources explain that Kim will seek diplomatic diversification so that the country has more links to a wider range of countries, demonstrated by the Asia-Pacific Economic Cooperation (APEC) summit in Bogor, Indonesia in 1994.

#### \* Article Calls NSP's 'Openness' Lip Service

952C0032C Seoul HANGYORE 21 in Korean 13 Oct 94  
pp 8-9

[By reporter Kwak Pyong-chan]

[FBIS Translated Text] If the Agency for National Security Planning [NSP's] operational report to the National Assembly Defense Committee inspection group last year was given 10 points out of a possible 100, this year's NSP report obtained about 80 points." (So said Sin Sang-u, chairman of the National Assembly Intelligence Committee)

"This year's inspection proved that the NSP belongs to the people, not to the government." (Words of Assemblyman Yi Pu-yong)

The members of the National Assembly Intelligence Committee shared the same opinion regarding the result of the committee's first inspection into the NSP operations on 30 September since its establishment. The authority of the National Assembly to inspect NSP operations was transferred from the Defense Committee to the Intelligence Committee this year. According to assemblymen concerned, the NSP report during this

year's inspection by the Intelligence Committee marked nearly a 100 percent improvement compared with the time when the Defense Committee had the jurisdiction. That is why Intelligence Committee Chairman Sin was able to say confidently: "All the committee members both from the government and opposition parties were very much satisfied with the NSP report."

In fact, NSP Director Kim Tok provided the inspection group with the kind of information only the NSP could gather on the situation in North Korea and in its surrounding areas, including the information that cholera is currently rampant in North Korea. He is said to have made a relatively detailed report on the overseas intelligence gathering activities as related to NSP operations, and on its counterintelligence and anticommunist intelligence operations. In addition, the NSP provided class-two level intelligence materials regarding its operations, along with more than 10 publications, including "Anatomy of North Korean Strategy," a book published by the Research Center for North-South Relations, and the operational record of the Center for International Intelligence on Crimes—the kind of information that is hardly available to outsiders. As a result, none of the committee members seemed to object to the comment to the effect that: "If the past inspections of the NSP were total-sum inspections, the inspection conducted on 30 September was a detailed inspection."

However, the 30 September inspection revealed one of the most important problems facing the Intelligence Committee. The problem involves to what extent the committee should disclose the results of the inspection. Because of controversy over this question, the inspection was delayed by 40 minutes. The controversy was touched off when Assemblyman Kang Chang-song of the DP proposed that "Of the results of the inspection, everything except confidential matters be disclosed." The DLP assemblymen on the committee strongly opposed this proposal whereas the DP members won't budge an inch with a view to founding a new practice. DLP assemblymen were adamant. Assemblyman Choe Pyong-yol said: "The law provides that all meetings of the Intelligence Committee be held in secret." Assemblyman Yi In-che chimed in: "The non-disclosure of committee meetings is an iron-clad law."

Thanks to Committee Chairman Sin Sang-u's mediation, the committee agreed that "the proceedings of the inspection, including the statements of NSP Director Kim Tok, will be kept from the public, but after the inspection is over, necessary portions as agreed upon by the consultation of party managers will be disclosed; and that when operational rules are adopted in the future, these rules will be followed to determine the extent of disclosure." With this agreement, the controversy came to an end for the time being. However, this does not mean that the wide difference of opinion between the government and opposition parties over the operations of the Intelligence Committee has disappeared.



In fact, the scope of information related to the NSP that is accessible to the general public has been rather drastically reduced since the Intelligence Committee was created. Even pieces of information obtained by assemblymen individually have been made inaccessible to the public, and it has become more difficult to have questionable points clarified. The reason is that because of the indiscriminate application of the principle of non-disclosure, even the written questions prepared by committee members cannot be distributed, and an inspection session proceeds in such a way that of what was discussed during the inspection, only the part that is agreed upon by the committee chairman and the committee managers and "ratified" by an interested NSP official can be disclosed. In the past it was customary for assemblymen participating in an inspection of the NSP to disclose the questions they prepared for the question-and-answer session during the inspection. They could also make public the substance of the discussion concerning NSP actions committed in violation of the law, such as political surveillance, because matters like this could not be a secret.

However, since the 25 September audit of the closing of the NSP accounts, the second meeting of the Intelligence Committee since its establishment, all these specific matters have become closed to the public. Committee members keep their lips tightly closed except revealing the press only the general drift of their questions. It is difficult to expect them to open their mouths under the circumstances where one false step may bring on charges of violation of the law. The public will know nothing except what is announced by the committee chairman after consultation with the party managers and NSP officials. This means that only what the NSP wants to disclose can be made public.

This is well reflected in the announcement Committee Chairman Sin made at the close of the 30 September inspection. The announcement said in part: "The NSP reported that it has discontinued all campus and political surveillance and the practice of dispatching of coordinators to general government agencies, except for security inspections of those agencies dealing with national security which need to maintain secrecy. on the other hand, the NSP reported that it has strengthened its international crime detection function and has drastically increased the weight of its information collection function on the world economy to cope with the age of trade war. With regard to international crimes, the NSP had collected 590 pieces of hot information since February and turned over 28 cases to the investigative authorities, including 11 illegal drug cases, 14 smuggling cases, and 3 organized crime cases, resulting in the arrest of a total 214 criminals." The content of this announcement is nothing but what the NSP wanted to publicize. It made no mention of problems involving the NSP's illegal practices or acts beyond its powers, such as political and campus surveillance, wire tapping, postal censorship, and communications censorship, which practices are suspected of still continuing. The announcement

revealed nothing but NSP Director Kim's claim that the NSP has eliminated the NSP's all negative functions completely.

Aside from the issue of disclosing the substance of what was discussed during the inspection, there is the lingering doubt that substantive auditing of the NSP is becoming increasingly difficult. During the last audit of the NSP account, it took the audit group only 3 or 4 hours to complete the audit of the execution of the NSP budget which was said to exceed 500 billion won. It is difficult for even experts to uncover any hidden irregularities in an account, and the time spent for the audit was too short for the assemblymen not accustomed to figures just to skim through the detailed budget items. The inspectors cannot get any outside help. During last year's audit of the NSP accounts, the DP mobilized more than 10 assemblymen and experts and had them work for nearly a month to check the NSP budget, including the funds hidden in budget items of other government agencies. In the case of the United States, the Senate and House intelligence committees as well as a defense budget subcommittee consisting of experts on budgets, thoroughly check the budgets of intelligence organizations.

On the contrary, under the current system in our country, the four members of a budget subcommittee under the Intelligence Committee have to check the budgets of intelligence organizations in 2 or 3 days.

There is no way of knowing how the Intelligence Committee keeps an eye on and reins in the NSP on policy matters besides its budget. There has been no mention of how the committee handled the following issues and how the NSP responded: the spreading of the rumor about "posters calling for the ouster of Kim Chong-il"; the remarks made by [North Korean defector] Kang Myong-to in his press conference to the effect that North Korea has 5 or 6 nuclear bombs; and the disclosure of an intelligence report on North Korea that has led to a hard-line toward the North, and the resultant confusion in our unification and security policies. It is hard to overlook the fact that the members of the Intelligence Committee can be tamed by the NSP without knowing it, partly because of their appetite for top secret, partly because of the system under which their parliamentary activities with respect to the NSP cannot be checked in any way, and partly because of the possibility of their being entrapped by charges of having leaked secret information.

For this reason the Intelligence Committee has met twice to discuss its rules of operation, including the extent of disclosure, but the meetings got nowhere and proved unproductive. In this regard, the DLP maintains that all inspections should be held in secret, that the substance of the answers and questions exchanged should not be disclosed before screening, and that only part of the content of the inspection which the government and opposition parties agreed to disclose upon consultation



with the concerned intelligence authorities can be made public. Assemblyman Kang Chang-song and other DP members on the Intelligence Committee argued: "Keeping from the public all activities of the Intelligence Committee, which has been created to oversee the operations of the NSP and its budget, could result in weakening the parliamentary control of the NSP because of the very existence of the Intelligence Committee. For this reason, the DP assemblymen made this three-point demand: First, that in case the committee conducts an inspection into an illegal act of the NSP such as political maneuvering that has stirred up public ire, the content of the inspection should be disclosed, and questions and answers exchanged between committee members and the NSP should be disclosed unless they are a top secret. Second, to this end, the Intelligence Committee's rules of operation should have a provision clearly defining the standards for classifying information into confidential and non-confidential. Third, political operations directed at North Korea, including special types of intelligence collection activity, as well as information regarding these operations, should be included in the category of classified information, and general information on North Korean political and economic affairs and the general information on NSP operations should be included in the category of non-classified information.

But the position of Assemblymen Choe Pyong-yol and Yi In-che, both DLP members of the committee, was adamantly opposed to this proposal. According to them, in the United States the following principle of non-disclosure of intelligence watchdog sessions is fully observed: the principle of prohibiting any prior disclosure of questions and answers before screening; and determining the content of information to be disclosed by agreement among the Democratic and Republican managers and the intelligence authorities concerned. They argue that if this principle is not observed, the NSP would be reluctant to report its activities to the Intelligence Committee, making a substantive inspection impossible. Said an interested NSP official: "We are prepared to report as much intelligence as possible to the National Assembly. But we are uneasy about whether secrecy on the provided information will be properly maintained. At this initial stage, it is impossible to eliminate this skepticism. That is why we cannot but be very cautious about everything. If a good practice is established firmly, it will be possible to achieve perfect cooperation even if there are no specific rules of operation."

But the DP is strongly against this argument partly because of the memory of the NSP's stained history and partly because of the suspicion that the NSP might have continued to engage in such negative activities as conducting political surveillance and manipulation information.

In this connection, a member of the Intelligence Committee said: "In the United States, the U.S. Central Intelligence Agency (CIA) discloses 50 percent of its

classified information on its own; and 30 percent is disclosed in the course of reporting it to the Senate and House intelligence committees; and the remaining 20 percent is reported to the intelligence committees but kept tightly under wraps. Only top secret information, such as special types of intelligence operations and their cost, are included in this 20 percent. The U.S. practice is quite different from our NSP practice of monopolizing all information and trying to keep it from the public. Our historical peculiarities should be reflected in the NSP rules of operation."

Officially, the NSP has been brought under the control of the National Assembly. But as long as the present system remains unchanged, the public can hardly expect to keep an eye on the National Assembly and the Intelligence Committee and keep them under control. It is hoped that the Intelligence Committee will operate in such a way that the public can control its activities.

#### **Finance Ministry To Issue Debt Instruments**

*SK2212034094 Seoul THE KOREA HERALD in English 22 Dec 94 p 8*

[FBIS Transcribed Text] The government plans to raise 8,663.7 billion won by issuing debt instruments next year, down 739 billion won from this year.

The reduction in issuance of national bonds will be as a result of the payment of 700 billion won from the national budget account to retire grains bonds, the Ministry of Finance said yesterday.

The government plans to raise 6,111.7 billion won by selling grains, foreign exchange equilibrium and other bonds to groups of underwriters, the ministry said.

The rest will be raised through bond sales to apartment purchasers, the Bank of Korea and others, the ministry said.

The government has selected 99 financial institutions as underwriters authorized to bid for national bonds in the primary market—33 banks, 40 securities and investment trust companies, 14 short-term financing companies and 12 merchant banking corporations.

When part of a bond issue fails to be auctioned off, the ministry said, it will be taken over by the group of underwriters participating in the bid.

The government will introduce debt instruments maturing in seven years next year, the ministry said, adding that it plans to raise 600 billion won by selling them. Debt instruments sold this year have one-year, three-year and five-year maturities.

Yield on the debt instruments maturing in seven years will be paid out each year, the ministry said, adding that interest and principal of other debt instruments are paid only at maturity.



To enhance the liquidity of national bonds, the ministry said, the government will expand the amount of money it will raise through each issue from the current 150 billion won to 300 billion won.

The government plans to spread the 20 bond issues evenly throughout the year instead of loading many of them in the last quarter of the year, the ministry said.

To enhance predictability, the ministry said, the government will make advance notices about impending bond issues and set issuance dates Wednesdays.

The government will also consult with the groups on its plans for issuing bonds and also on the means of improving the system, the ministry added.

### **BOK Issues 'Punitive Loans' To Curb Rates**

*SK2212034894 Seoul THE KOREA HERALD in English 22 Dec 94 p 8*

[FBIS Transcribed Text] The Bank of Korea (BOK), troubled with an already high level of money supply for this month, has taken an emergency measure to solve another headache: soaring money-market rates.

The central bank lent 970 billion won (about \$1.223 billion) in punitive loans to three commercial banks Tuesday so that they can meet the reserve requirement today.

It is the first time for the central bank to aid commercial banks with punitive loans before the reserve requirement deadline. Such loans have been made on the day of the deadline.

A total of 500 billion won in punitive loans was funneled to the Industrial Bank of Korea; 350 billion won, to Cho Hung Bank; and 120 billion won, to Tonghwa Bank.

The BOK made the loans, known as B2 funds with a punitive interest rate of 14.6 percent, in a bid to curb skyrocketing short-term interest rates, market watchers said.

The call rate had been caught in a rising spiral for the past several days as local banks rushed to the market to secure funds in preparation for the reserve requirement deadline.

The rate, which banks and nonbank financial institutions charge each other on overnight loans, skyrocketed to the legal limit of 25 percent Tuesday as banks scrambled to borrow money.

As of Tuesday, commercial banks lacked a combined total of 3.5 trillion won in required reserves. Required reserves are the financial assets that commercial banks must keep at the central bank in the form of cash and other liquid assets as a percentage of demand and time deposits.

Affected by the BOK action, the call rate sank to the 16 percent range yesterday.

BOK's assistance of B2 funds is aimed at easing tight money money-market conditions, while maintaining its firm grip on monetary control, market sources said.

When commercial banks lack their required reserves, the central bank usually releases money to the banks by buying repurchase agreements from them.

After meeting their reserve requirements, they can make loans with the remaining money, which results in a rise in the money supply.

By contrast, commercial banks are required to use B2 funds only for meeting their reserve requirements and the money supply is not affected.

The central bank has tightened its credit control this month because of a high money supply growth in a bid to head off inflationary pressures.

As of Dec. 15, the year to year growth rate of M2, the broadest gauge of money supply comprising cash in circulation plus demand and time deposits, stood at 17.4 percent, well over the high end of BOK's yearly target range of 14 to 17 percent.

### **Ministry To 'Drastically Ease' Regulations**

*SK2212035294 Seoul THE KOREA TIMES in English 22 Dec 94 p 9*

[FBIS Transcribed Text] From next year, all listed firms, excluding financial institutions, will automatically be able to increase capital by additionally issuing new shares at their own discretion once a year.

At present, firms need to receive the go-ahead from regulators before they can issue new shares even though they meet the requirement set by the regulators.

The Ministry of Finance [MOF] and the Securities Supervisory Board announced that they will drastically ease regulations restricting domestic and international securities activity by Korean enterprises, effective Jan. 3, 1995.

Foreign securities firms operating here will be allowed to handle brokerage business for Koreans' investment in foreign securities.

The government has allowed only domestic securities firms to do brokerage business for domestic individuals' investment in securities abroad.

It is also easing rules on conditions for issuing new shares. Under the new rules, a listed firm will be able to increase capital up to 300 billion won a year, up from the present 200 billion won, it said.

The MOF also increased the maximum quota for securities which listed firms can issue overseas. The quota for foreign securities will be expanded from 18.5 billion dollars to 20 billion dollars.

Firms will be able to decide on the amount of securities issues overseas within the quota. Currently, firms can



only issue securities overseas worth up to 300 million dollars at a time. It also relaxed rules on conditions under which enterprises can go public.

Stock brokerage houses will be able to establish branches more easily than now. Securities firms with more than 20 branches will be allowed to establish two branches a year. And firms with less than 20 branches will be allowed to add four branches a year.

Securities firms will also be permitted to increase dividends to shareholders according to their business performance. The government is scrapping rules banning them from distributing more than 40 percent of their profits.

The government is also allowing individuals to increase maximum investment in foreign securities from the current 100 million won to 500 million won. Incorporated firms will be able to invest up to one billion won, up from the current 300 million won, it said.

It also expanded the limits on securities firms' investment in foreign assets including real estate and securities.

It will allow firms to increase investment in foreign assets up to the amount equal to 30 percent of their capital, from the current 20 percent.

#### **Samsung's Sale of Stock Triggers Protest**

SK2212040194 Seoul THE KOREA HERALD in English 22 Dec 94 p 8

[FBIS Transcribed Text] Samsung Electronics Co. sold its share holdings in Samsung General Chemical Co. at a loss to its sister companies, and touching off a strong protest from investors, experts said.

The local electronics giant disposed of 10 million Samsung General Chemical shares each to Samsung Aerospace Industries, Ltd. and Samsung Construction Co. for 2,600 won per share, which is far below their par value of 5,000 won.

This selling price not only fell far short of 10,000 won, the average per-share price with which Samsung Electronics previously purchased the shares, but also is regarded as too low when the Samsung Chemical's intrinsic value is calculated.

The disposal of the securities cost Samsung Electronics a loss of 148 billion won, but would cut down up to 40 billion won to 50 billion won as taxes, market analysts say.

International investors who hold a large number of Samsung Electronics shares insist that the selling caused undue losses in the shareholders' value. And they added that they will take joint legal action to protect their interests.

What was worse was the fact that the institutions' share holdings in Samsung Electronics lost considerably in recent corrections.

#### **Government To Promote Auto Parts Industry**

SK2212035394 Seoul THE KOREA HERALD in English 22 Dec 94 p 8

[FBIS Transcribed Text] The government will initially select 30 auto parts next year to be shared by all local automakers as part of its efforts to foster the local auto parts industry.

The "auto parts sharing" is aimed at promoting standardization of auto parts used by local auto manufacturers and enhancing the specialization of local auto parts suppliers, the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

So far auto part suppliers are forced to provide their products to a fixed number of automakers. But the new system will allow parts makers to supply their products to all automakers in open competition, the ministry said.

"Among the first 30 items are nine engine-related auto parts, 13 electric and electronics parts and three interior decoration parts," a MOTIE official said.

The ministry plans to increase the use ratio of common auto parts for models produced by an automaker from 20 percent next year to 40 percent by 1997, he said.

Auto parts sharing is part of a package of action programs the ministry came up with the sharpen international competitiveness of the local auto parts industry.

They include the expansion of the auto parts supply basis, the acceleration of technology self-reliance and the improvement of the subcontract system as well as laying an emphasis on the expansion of cooperative ties with foreign auto parts makers.

The ministry envisions increasing local auto parts production from the 9.7 trillion won output of last year to 25 trillion won by the year 2000 with a hike in exports from \$600 million in 1993 to \$3 billion by the target year.

Korea emerged as the world's sixth largest auto producer and seventh largest exporter last year. But the nation's auto parts industry is suffering from various problems, including low-level quality, technology and productivity.

A total of 1,423 companies were registered as auto parts establishments with a combined payroll of 313,540 as of the end of last year. Companies with a payroll of 1,000 or less and assets of 60 billion won or less account for 1,372 or 96.4 percent of the total.

Auto parts training centers will be set up to foster an additional 73,000 skilled manpower by 2000.

To help enhance quality competitiveness, the plan calls for local auto parts makers' earlier factory automation, factory management revolution and acquisition of international quality certificates of ISO 9000.

Currently there are six auto makers who have received the ISO 9000 certificates. The ministry hopes to increase the number to 200 by the target year.



For technology self-reliance, the plan calls for a hike in local auto parts makers' research and development (R&D) ratio to their total sales from 2.5 percent in 1993 to 3.7 percent in 1997 and 5 percent in 2000.

It also calls for the expansion of R&D centers affiliated with auto parts makers from 152 last year to 300 in 1997 and 500 by the target year.

#### **Nuclear Waste Disposal Site Selected**

*SK2212053094 Seoul YONHAP in English 0435 GMT  
22 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—The government on Thursday announced that Kulyop island, located some 65 km southwest of Incheon in the West Sea, has been chosen as the nation's radioactive waste storage site, ending a years-long search marred by a series of strong protests from residents of possible sites.

The announcement was made by Science and Technology Minister Kim Si-chung following approval of the

selection of the small island, inhabited by only 10 residents, as a radioactive waste storage site by two administrative agencies—the Radioactive Matter Management Facilities Project Promotion Committee and the Nuclear Energy Committee.

Minister Kim cited Kulyop island's excellent geological conditions—uncracking ground structure, deep waters conducive to port construction and a small population—as reasons for the selection.

Striving to find a radioactive waste storage site, the government has conducted feasibility studies of 210 islands, 292 coastal areas and 90 abandoned mines.

To improve living standards on Kulyop island and adjacent areas, the government plans to invest 5 billion won annually during the construction period of radioactive waste storage facilities and 3 billion won during the management of such facilities.



## Burma

### Troops Retreat From Battle With Karen Rebels

BK2112132294 Hong Kong AFP in English 1200 GMT  
21 Dec 94

[FBIS Transcribed Text] Bangkok, Dec 21 (AFP)—Burmese government troops made a tactical retreat Wednesday from a battle against student militants and Karen National Union (KNU) rebels in eastern Burma, a dissident student source said. The retreat followed a mortar attack overnight on Karen army positions along the Thai border by troops of the State Law and Order Committee (SLORC), the official name of Burma's ruling junta. About 100 shells were fired, the source said.

A subsequent infantry attack early Wednesday was also repulsed by the KNU, a Karen official said. SLORC troops abandoned a dead soldier on the battlefield, he added. No Karen troops were killed in the attack, which came after several days of skirmishes between government forces and dissident students and their KNU allies, he added.

Observers said the low number of reported casualties on both sides could be because fighting was limited to small-scale skirmishes and longer distance attacks with mortars.

The attack was on a KNU forward post at Wangkha, about 10 kilometres (six miles) west of the Thai border town of Mae Sot and 20 kilometres (12 miles) south of the Karen stronghold at Mannerplaw.

The KNU is the oldest and most powerful ethnically-based insurgent movement in Burma. A unilateral ceasefire declared by the SLORC against the Karens in April 1992 was broken by the junta two weeks ago.

A Karen official, reached by telephone in Mae Sot, said SLORC troops had only made a tactical retreat and still maintained a presence around Wangkha, one of the gateways to Mannerplaw.

Clashes and bombardments meanwhile had ceased at another Karen forward base at Nawta, several kilometres (miles) further west of Wangkha, after a government infantry assault was pushed back Saturday.

On another front about 60 kilometres (36 miles) north of Mannerplaw, SLORC troops, who were short of supplies, pulled back from a position held by the dissident All Burma Students Democratic Federation (ABSDF), said federation central executive committee member Khin Mau Ng Win.

The ABSDF was formed from several thousand students who fled Burma's cities after a 1988 crackdown on a national democracy movement by the junta. Many students have joined or trained with ethnic insurgent groups.

The ABSDF official said a SLORC company commander was killed in the fighting and three of his men wounded, adding that the students had suffered no casualties.

"The SLORC troops are facing apparently some logistical troubles. They are short of food for sure," said the official who serves as spokesman for the ABSDF, reached at Mae Sariang, about 500 kilometres (300 miles) northwest of Bangkok.

The students' ranks had been reinforced by KNU fighters who had travelled from Mannerplaw by foot and boat along the Salween River along the border, he said without specifying troop strengths.

A ABSDF source in Bangkok said Monday the Karen reinforcements numbered around 1,000.

About 1,500 government soldiers, based in Papun 400 kilometres (240 miles) northeast of Rangoon, launched a surprise attack against positions near the ABSDF headquarters at Dawn Gwin. They destroyed a forward post about 12 kilometres (six miles) away.

### \* New Hotel To Facilitate Border Trade, Tourism

95SE0057A Rangoon THE NEW LIGHT OF  
MYANMAR in English 9 Nov 94 pp 1, 6

[FBIS Transcribed Excerpt] Yangon [Rangoon], 8 Nov—The Kyukok (Pangsai) Motel of the Restaurants and Beverage Enterprise was inaugurated at a ceremony held at its premises at the corner of Thazin Road and Khayay Road in Kyukok yesterday morning. [passage omitted]

The Secretary-1, in his address, said the tourism industry is being stepped up in accordance with the market economy being practised in the country. Accordingly, more hotels and motels are being built in the country in time for the 1996 Visit Myanmar [Burma] Year and the Kyukok Motel is the fifth motel opened by the Restaurants and Beverage Enterprise, he said.

He said since the State Law and Order Restoration Council took over the responsibilities of the State, it made efforts for raising the living standard of the people by effecting changes in its economic system and giving priority to the cooperative and private sectors.

He pointed out the hotel and tourist industry was the main source of income and foreign exchange in developed countries of the world. Therefore, the year 1996 was designated as the Visit Myanmar Year and special projects were laid down and are being implemented.

He said Kyukok being on the border between Myanmar and Yunnan Province of the People's Republic of China and an entrance gate to the country and the Kyukok Motel was being built to assist the border trade and development of border areas.

The State, he said was spending huge funds for development of border areas and to raise the standard of living



of the people in far-flung border areas and the Kyukok Motel is part of the border area development tasks.

He said at a time when there are good prospects of tourists entering the country, it is necessary to modernize the tourist industry in the country and to expand hotel, motel and tourism service. He pointed out that the ratio of the income received through tourism in the countries of the world is quite high.

In carrying out tourism service, it is necessary to have sufficient transport services and places to accommodate the tourists and hence hotels and motels are being built and the Ministry of Hotels and Tourism was formed on 24 September 1992 to step up its tasks, he said.

He noted that in developing the tourism industry, it will help promote better understanding and friendly relations between the countries and learn more about the motels and tourism and at the same time will create more job opportunities for the people. He, however, cautioned the authorities concerned to take preventive measures to preserve Myanmar cultural heritages and traditions and its natural beauty.

He disclosed that the State has spent over K [kyat] 55 million in building the main building of the Kyukok Motel and over K 35 million will be spent in constructing the annexes.

He then thanked all those concerned, including the Ministry of Hotels and Tourism, the Restaurants and Beverage Enterprise, the Commander, officers and Tatmadawmen of the North-East Command and the respective Law and Order Restoration Councils.

Minister Lt Gen Kyan Ba also spoke. He outlined the objectives for building Kyukok Motel. He said it was built to enable delegates from Union of Myanmar and the People's Republic of China to hold discussions, to enable tourists, businessmen and others visiting Kyukok to stay there and thus earn more income for the country, to enable the guests to get wholesome food and drink, and to accommodate meetings, engagements and receptions.

He said the hotel and motel business is complementary to tourist industry. As the number of tourists in the world has increased, the majority of the countries in the world are giving priority to the tourist industry, he said.

In view of this, Myanmar invited foreign entrepreneurs to invest in hotel business.

According to the agreements signed so far, foreign investments in the country total over 600 US dollars and more investments will follow, he said.

On completion of building all the hotels in the country there will be a total of about 7,000 rooms. As the tourism industry in the world is likely to become the biggest industry and occupy the No 1 spot at the turn of the century, hotel and tourism services are being carried out in the country to achieve due success.

Commander of the Tactical Operations Command Col Chit Khaing on behalf of the Commander of the North-East Command also delivered a speech. Managing Director U Maung Maung then briefed guests on facts related to the motel.

The rates for each double room is K 600 or US\$ 9 plus K 450 or 28 yuan plus K 450.

## Cambodia

### Thai Foreign Minister Arrives on Official Visit

*BK2112061994 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 21 Dec 94*

[FBIS Translated Text] His Excellency [H.E.] Thaksin Chinnawat, foreign minister of the Kingdom of Thailand, and the members of his delegation arrived at 0915 this morning for an official visit to the Kingdom of Cambodia at the invitation of H.E. Ing Huot, foreign affairs and international cooperation minister. Greeting the Thai Foreign Ministry delegation at Pochentong International Airport were H.E. Ing Huot, foreign affairs and international cooperation minister; high-ranking Foreign Ministry officials; and many ambassadors and diplomats from various countries accredited to the Kingdom of Cambodia.

On his one-day visit to Cambodia, H.E. Thaksin Chinnawat plans to pay courtesy calls on Prince Krompreah Norodom Ranariddh and Second Prime Minister Samdech Hun Sen and hold talks with H.E. Ing Huot, foreign affairs and international cooperation minister.

### Ing Huot, Thaksin Hold Talks

*BK2112145494 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 21 Dec 94*

[FBIS Translated Text] His Excellency [H.E.] Ing Huot, minister of foreign affairs and international cooperation, held a working meeting with a Thai Foreign Ministry delegation headed by H.E. Thaksin Chinnawat, foreign minister of the Kingdom of Thailand, at the Foreign Ministry at 1030 this morning. H.E. Ing Huot warmly welcomed the delegation, saying he firmly believes that the talks will enhance the understanding, relations of friendship, and cooperation between the two countries.

H.E. Ing Huot added that he hopes that the signed Bali treaty will enable Cambodia to become an ASEAN observer and will promote the cooperation between Cambodia and ASEAN, specifically between Cambodia and Thailand. He emphasized that the Royal Government of Cambodia [RGC] is always prepared to develop the Mekong River Basin (?with the members) of the Mekong Committee, according to the spirit of the agreement signed in Hanoi on 28 November.

H.E. Ing Huot welcomed investments in the Kingdom of Cambodia by Thai companies. He said there were exaggerated reports about the security situation in Cambodia



by the international media, adding that security in the country has now become gradually stable. He further said that he hoped to solve the problem of overlapping offshore areas quickly to begin joint exploitation at the first stage, then to determine the maritime boundary later. He also welcomed the (?creation) of the joint Cambodian-Thai border commission, which will begin its operation at the beginning of 1995.

H.E. Thaksin Chinnawat praised the RGC for its significantly gained development in Phnom Penh. He also acclaimed Cambodia's investment law, saying the law will certainly promote investments in the country by Thai companies. He added that the Thai Government would provide further explanation about the investments.

The Thai foreign minister also said that Thailand plans to train 50 Khmer Royal Armed Forces personnel and intends to solve the issue of Sin Song [Cambodian fugitive coup leader] and the border problem as quickly as possible. The Thai Government, he added, wants to see joint cooperation [word indistinct] to ensure security in border areas.

H.E. Thaksin Chinnawat stressed that the Royal Thai Government only recognizes the RGC; it does not support the Khmer Rouge in any way. He added that the Thai prime minister had ordered civilian and military authorities at border to stop dealing with the Khmer Rouge.

#### **Hun Sen Receives Thaksin**

*BK2112152694 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 21 Dec 94*

[FBIS Translated Text] A Thai delegation led by His Excellency [H.E.] Thaksin Chinnawat, foreign minister of the Kingdom of Thailand, paid a courtesy visit to Samdech Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], at the Council of Ministers office at 1100 this morning. During a one-hour meeting, H.E. Thaksin Chinnawat said he was very pleased to have visited Cambodia and that his short visit is important to enhance mutual understanding and promote bilateral relations. He added that he firmly hopes that the cooperation between the two countries in solving all problems of the bilateral relations in the future will improve. He also informed Samdech Hun Sen about the outcome of his talks with H.E. Ing Huot on the creation of a joint commission, which will operate at the beginning of 1995.

Commenting on the Khmer Rouge issue, H.E. Thaksin Chinnawat said the only way to solve the Khmer Rouge problem is to promote rural development, motivating the people to stop supporting and joining hands with the Khmer Rouge. The Royal Thai Government, he added, is always prepared to assist Cambodia in rural development. The government planned to develop Pursat Province in the near future.

Samdech Hun Sen, on behalf of First Prime Minister Prince Krompreah Norodom Ranariddh, welcomed the Thai foreign minister's visit, which was conducted with success and mutual understanding through the talks with the Cambodian foreign minister. In spite of the change of the two countries' foreign ministers, he said, the bilateral relations remain fine. He said that the setting up of the joint commission is of vital importance because it would contribute to resolving all outstanding issues and further promoting bilateral relations.

The Cambodian second prime minister further said the Cambodian side is set to establish commissions at various military regions with representatives from the Khmer Royal Armed Forces and provincial authorities. He asked the Royal Thai Government to seal all major passes where oil, supplies, and medicine are channeled to the Khmer Rouge.

Samdech Hun Sen plans to pay a working visit to Thailand in the near future to meet with Thai leaders and to explain to Thai businessmen whose companies are in business dealing with the Khmer Rouge the RGC's determination to respect their contracts made with the group.

At 1400, the Thai Foreign Ministry delegation left Phnom Penh for Laos after a five-hour visit to the Kingdom of Cambodia.

On hand to see the delegation off at Pochentong Airport were H.E. Ing Huot, several officials from the Foreign Ministry, and a number of diplomats from various embassies in Cambodia.

#### **Commentary Hails Thai Minister's Visit, Ties**

*BK2212053694 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 21 Dec 94*

[Station commentary: "Expand Ties Even More Fruitfully"]

[FBIS Translated Text] Today, 21 December, His Excellency [H.E.] Thaksin Chinnawat, the Thai foreign minister, is paying a one-day visit to our beautiful Land of Angkor at the invitation of H.E. Ing Huot, minister of foreign affairs and international cooperation of the Kingdom of Cambodia.

In the course of his first visit to Cambodia after his appointment as Thai foreign minister, H.E. Chinnawat held talks with H.E. Ing Huot, minister of foreign affairs and international cooperation, and paid a courtesy call on Samdech Krompreah Norodom Ranariddh, first prime minister, and Samdech Hun Sen, second prime minister.

Although this visit is a short one, observers in Southeast Asia have appraised it as a step that will make the improving ties of solidarity and cooperation between the two neighboring countries thrive more splendidly and fruitfully. This is true, because H.E. Chinnawat's visit



takes place after H.E. Ing Huot's working visit to Bangkok, during which the two sides agreed to establish a joint venture in a disputed sea area where oil has been located. Moreover, a few days before this visit, the Royal Government of Thailand ordered seven Thai provinces sharing the border with Cambodia to halt all contacts with the Khmer Rouge; and last Saturday, General Wimon Wongwanit, commander in chief of the Thai Army, said that Thailand has clear proof that the Khmer Rouge killed the 22 Thai woodcutters in the northern part of Cambodia in November.

All these actions reflect Thailand's sincere intention to improve bilateral relations between the two countries—Cambodia and Thailand—and adhere to its repeated announcements that the Royal Government of Thailand supports only the Royal Government of Cambodia, which emerged from the free and democratic elections.

It is known to all that relations between the two countries [words indistinct] with the outlaws. Now, however, everything that has been causing disturbances has already been cleared away by the Royal Thai Government.

It is in this connection that our people firmly hope and believe that, through this visit to the Kingdom of Thailand by H.E. Chinnawat, bilateral relations between the two countries will be further fortified and expanded so as to move on toward strengthening cooperation and peace in Southeast Asia as a whole.

### Indonesia

#### Editorial Considers 'Tarnished Image' of Islam

BK2112131594 Jakarta THE JAKARTA POST in English 15 Dec 94 p 4

[Editorial: "Improving Tarnished Image"]

[FBIS Transcribed Text] The two-day summit of the Organization of Islamic Conference (OIC), which opened in Casablanca Morocco, yesterday, is proceeding on the premise that the tarnished image of Islam and its followers—especially in the eyes of western countries—puts its member countries in a difficult position. Because the notion of Islam among western countries fails to reflect the reality of the religion, which preaches peace and tolerance, the OIC meeting has decided to take steps to correct the distorted image.

Its agenda, which is expected to be completed today, surely will not be a casual one because the delegates, who represent no less than 50 Moslem countries, must first determine who is responsible for the distortion. Clearly no nation will want to be pinpointed as a culprit.

OIC Secretary General Hamid Algabid was wise enough when he said in his speech at the OIC ministerial meeting on Monday that Islam's image has undergone serious distortion because of ignorance, as well as skillfully orchestrated manipulation. This statement can be

expected to defuse any further conflicts among the OIC members themselves. Albeit many agree that ignorance of Islam in the outside world, and of the outside world among Islamic communities, is a troubling phenomenon, it is not very clear what Algabid meant by the manipulation of Moslems.

Because Algabid clearly was not speaking in a tone of guilt, we tend to look to the reality that in many places worldwide Moslems are being manipulated by other powers. This manipulation by outsiders is exacerbated by the lack of workable socio-political systems in many countries. In this sense, the OIC members are in no position to blame outside countries for the conditions in which many Moslems now live.

Many Moslems are now living under autocratic regimes. This fact has not helped improve the image of Islam in the eyes of more modern nations. A case in point is one North African country, which a few years ago tried to introduce democracy, but later killed the plan because the group its military loved to hate won the general election. Worse yet, that North African military regime let a western country manipulate the situation.

In many other Moslem countries the regimes are just as at odds with their own people on how to organize a government. In the existing governments, religious values have either no role whatsoever, or they have become objects of continual debate. Many such regimes, which stubbornly refused to cooperate with moderate Moslem scholars have found out too late that this policy will only lead to the forceful emergence of radical groups.

OIC seems to fully understand the deplorable situation and believes that it should be ended once and for all if the organization wants to have a say in international forums. The dilemma now faced is that the only way to change the situation is to improve the images of the people living in member countries.

Because we wish OIC every success in cleaning up Islam's image, we feel the need to note that Islam is no threat to western civilization.

The misunderstanding of Islam among the western countries is based on misperception of the religion. The situation has been worsened by news reports and the tendency of the governments of the West to simplify complicated issues. The impact of all of this is worsened by an excessive feeling of fear in the hearts of westerners, which emerges due to a lack of familiarity with the realities of Islam. It is clear that a large part of the OIC's task will be to see that greater knowledge of these realities is introduced into western thinking.

### Laos

#### Russian National Assembly Delegation Arrives

BK2212105694 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 22 Dec 94

[FBIS Translated Text] A high-level delegation of the National Assembly of the Russian Federation led by His



Excellency [H.E.] Aleksandr Dmitriyevich Vengerovskiy, vice chairman of the Duma of the Russian Federation, arrived in Vientiane yesterday afternoon for an official friendship visit to our Lao country. The visit, scheduled for 21 to 24 December, is in response to an invitation of the National Assembly of the Lao People's Democratic Republic [LPDR]. A formal welcoming ceremony was held at Wattai Airport at 1700. The Russian delegation was welcomed in an honorable manner by H.E. Vongphet Saikeu-yachongtouna, vice chairman of the National Assembly, and members of the third National Assembly along with many high-ranking officials. H.E. Vladimir Fedorov, ambassador extraordinary and plenipotentiary of the Russian Federation to the LPDR, together with embassy staff members, were also on hand to welcome the delegation at the airport.

During the visit to the LPDR, H.E. Aleksandr Dmitriyevich Vengerovskiy and his delegation is scheduled to pay courtesy calls on prominent Lao leaders, meet with a delegation of the Lao National Assembly, and visit a number of economic, cultural, and social establishments and various significant places in and around Vientiane Capital.

This official friendship visit to the LPDR by the high-level delegation of the National Assembly of the Russian Federation is considered a very significant event. It contributes to promoting, expanding, and further strengthening the friendly relations and cooperation between the two peoples of Laos and Russia as well as between the two legislative organizations of the two countries, thus contributing to the maintenance of world peace and stability and mutual understanding in Southeast Asia and the Asia-Pacific region.

#### **Thai Foreign Minister Visits Vientiane 21 Dec**

*BK2212102894 Bangkok BANGKOK POST in English  
22 Dec 94 p 10*

[Report by Woranan Khongbunying from Vientiane]

[FBIS Transcribed Text] Thailand and Laos will soon discuss the Ban Romklao border dispute as a start to settling lingering problems so that the two countries can step up cooperation. Foreign Minister Thaksin Chinawat said here yesterday. Speaking to reporters after an hour-long talk with Laotian Foreign Minister Somsavat Lengsavat, Mr Thaksin stressed the need for the two countries to demarcate their common border.

"We will try to speed up demarcation work in area where conflict first arose, notably at Ban Romklao," he said. "Both countries will urge the joint border committee to examine the real situation," he added.

Mr Thaksin spent about six hours here after visiting Phnom Penh earlier in the day. Besides talks with Mr Somsavat, he also had a 20-minute meeting with Deputy Prime Minister Khamphoui Keoboulapha, who is in charge of foreign investment.

Thai and Laotian troops battled for control of Ban Romklao in 1987 and 1988. Thailand maintains the village is in Chat Trakan District of Phitsanulok but Laos says the area is in the northern Laotian province of Sayaboury.

Mr Somsavat said his discussions with Mr Thaksin did not dwell on the question of Laotian resistance groups.

This question is due to be discussed at a Thai-Lao joint committee on border peace keeping scheduled to take place on December 26, he said in an interview with the Bangkok Post.

According to Mr Somsavat, talks with Mr Thaksin focussed mainly on follow-up work for agreements reached earlier between the two countries.

The Lao foreign minister also commended Mr Thaksin for his good intention to expand bilateral cooperation.

"On the agreement that Thailand would help develop Luang Prabang airport His Excellency Thaksin said construction would soon begin," Mr Somsavat said.

According to an informed source, renovation work at the airport in Laos' former royal capital of Luang Prabang, earlier planned to start some months ago, would now begin in January.

The work had been delayed because Laos wanted more to be done than had been agreed upon under an agreement signed by former foreign minister Prasong Sunsiri, the source added.

Under that agreement, Thailand said it would put up the 50 million baht needed for revamping the runway and building a new passenger lounge.

But Laos later asked for additional facilities, raising the bill to 100 million baht. The change required adjustments in design, and new bidding for contractors, the source added.

Yesterday's talks also heard Laos ask for assistance in expanding Wattai International Airport in Vientiane, rather than an airport in the northern province of Luang Namtha which borders China, as earlier requested, the source said.

Mr Thaksin named other lingering problems such as the location of Laos' consular office, Thailand's proposal for an agreement for the exemption of double taxation and Laos' call for tax reductions on its agricultural products.

Laos reiterated that it wants to set up a consular office in Khon Kaen and Mr Thaksin said he would respond to this after he returns to Bangkok, a source said.

The problem over the agreement to exempt double taxation stems from the fact that Laos has never before entered into such a pact with any country, a Thai diplomat noted.



Laos wants Thailand to reduce taxes on jute, soybean, garlic, coffee and wooden products, he said.

Thailand currently imposes a 20 per cent tax on these goods in order to protect Thai producers, he noted.

#### **Discussion Held With Chinese Peace Delegation**

*BK2112132094 Vientiane KPL in English 0900 GMT 21 Dec 94*

[FBIS Transcribed Text] Vientiane, December 21 (KPL)—A discussion between the Lao Committee for Peace and Solidarity with Nations and a delegation of the Chinese People's Association for Peace and Disarmament was held on December 18 at the Mekong restaurant.

The talks involved an exchange of mutual experiences and dealt with such issues as peace and ways to cooperate in the strengthening of relationships and solidarity between the Lao Committee for Peace and Solidarity with Nations and the Chinese People's Association for Peace and Disarmament.

The Lao representative at the meeting was Mr. Singkapo Sikhotchounnamali, president of the Lao Committee for Peace and Solidarity with Nations. Chen Gefeng, secretary general of the Chinese Association for Peace and Disarmament, represented Chinese interests.

### **Philippines**

#### **Romulo on Reported Japanese Plutonium Shipment**

*BK2112043294 Quezon City Radio Filipinas in English 0230 GMT 21 Dec 94*

[FBIS Transcribed Text] Foreign Affairs Secretary Roberto Romulo warned Japan yesterday that he will prohibit the passage of any plutonium shipment in Philippine waters. Romulo issued the warning after receiving reports that several shipments of highly radioactive (?petrified) nuclear wastes are to be sent from France to Japan. The reports coming from the Philippine Embassies abroad raised the possibility that the toxic cargoes will pass Philippine territory. Philippine laws forbid the entry or passage in Philippine waters of vessels carrying radioactive and toxic substances like plutonium or nuclear waste.

Romulo said Republic Act 6969, or the Toxic Substance and Hazardous Nuclear Waste Act, disallows the entry even in transit of hazardous nuclear waste. As a matter of policy, he said, the Philippines prefers that such shipments not be allowed even in the adjacent seas as the effects of the accident will not respect maritime territories. Romulo added Japan and France should postpone the shipment of the hazardous cargoes until all possible safeguards are taken. He assured Philippine authorities that his office has alerted all foreign posts to monitor the movement of the vessels carrying the cargoes.

#### **Ramos Reaffirms Passage Prohibited**

*BK2112132194 Quezon City PTV-4 Television Network in Tagalog 1000 GMT 21 Dec 94*

[FBIS Translated Text] President Ramos today ordered the Departments of Interior and Local Government, Environment and Natural Resources, and National Defense to take preventive measures to bar entry into Philippine waters of a vessel carrying plutonium from France en route to Japan.

[Begin Ramos recording in English] I have instructed the Department of National Defense, the Department of Interior and Local Government, and the Department of Environment and Natural Resources to make sure that this reported plan to transport plutonium between France en route to Japan should not be allowed in Philippine seas. [end recording]

#### **Ramos Welcomes GATT Ratification, Urges Unity**

*BK2212074994 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 14 Dec 94*

[FBIS Translated Text] At Malacanang [presidential office], though unable to conceal his satisfaction over the Senate's ratification of GATT, President Ramos reminded the nation that there is more to be done to improve the country's livelihood:

[Begin Ramos recording, in English] We will meet a new challenge for our country to further speed up the attainment of the industrial and agricultural vision that we have set for ourselves as a common and urgent goal. I urge all of those who took part in the deliberations on the GATT issues to unite and to implement the measures that will enable us to usher this new global order of trade and commerce. [end recording]

#### **Ramos Signs Bills on Export, Anti-Dumping**

*BK2212062694 Quezon City Radio Filipinas in English 0230 GMT 22 Dec 94*

[FBIS Transcribed Text] President Ramos has signed the Export Development Act of 1994 and the anti-dumping bill into law in preparation for the activation of the World Trade Organization in January and Philippine participation in liberalized global commerce.

The Anti-Dumping Law will shift Philippine markets from unfair competition—from cheap and inferior imports—while being fair to those who sell to the Philippines according to reasonable international standards. President Ramos said in his speech the Anti-Dumping Law further discourages the practice of collusions between a dumper and a local manufacturer for the latter to capture a larger share of the market.

On the other hand, the Export Development Law—or Republic Act 7844—creates the EDC [Export Development Council], which will oversee and harmonize the implementation of the Philippine export development



plan and identify problem areas in export development. It also establishes policies for granting incentives to exporters [words indistinct] private-sector led export-import bank that will primarily help small and medium enterprises. The new law also grants tax credits for imported capital goods and raw materials not locally available.

#### **Tariff Reduction Program Implementation Approved**

*BK2212054694 Quezon City Radio Filipinas in English 0230 GMT 22 Dec 94*

[FBIS Transcribed Text] The National Economic and Development Authority and the Department of Trade and Industry have agreed to implement a two-tiered tariff reduction program over a ten-year period in the light of the implementation of the ASEAN, or the Association of Southeast Asian Nations Free Trade Agreement, AFTA.

In a press briefing, Federation of Philippine Industries President Raul Concepcion said the two-tiered rate took effect 1 January last year and will be implemented until 1 January 2003. By next year, tariff rates will be 3 percent for raw materials and capital equipment not produced locally, 10 percent for locally produced raw materials, 20 percent for intermediate products, and 30 percent for the finished products. By the year 2003, tariff rates will be at 3 percent for raw materials and intermediate products and 10 percent for finished products.

#### **Ramos Urges Communists To Join Amnesty Program**

*BK2212021694 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 21 Dec 94*

[FBIS Translated Text] Ramos announced that the military will still lead the counter-insurgency campaign of the government. According to the president, the military has been successful against the rebels especially in the countryside. Ramos made this announcement during the 59th AFP [Armed Forces of the Philippines] anniversary in Camp Aguinaldo, yesterday [21 December].

Here is the report of our Malacanang reporter, David Jude Santa Ana:

[Begin recording] [Santa Ana] All communist rebels have the opportunity to join the amnesty program of the government. Ramos gladly accepted the joint resolution of Congress providing six-month extension for the amnesty program, and it is estimated that there will be around three to five thousand rebels who will apply for the amnesty.

According to the National Amnesty Commission, only two thousand rebels applied when the first amnesty period ended on 29 November. Commission Chairman Manuel Herrera said they are going to put up local amnesty boards all over the country in order to hasten

the processing of applications. He also said that the leaders of the Communist Party of the Philippines [CPP] residing in other countries like CPP Chairman Jose Maria Sison can still join the amnesty program. They only need to go to the Philippine Embassy to apply.

Meanwhile, starting January, the PNP [Philippine National Police] will handle the counter-insurgency operations all over the country, except for some areas in Mindanao, Sulu, Tawi-tawi, Cordillera, Southern Tagalog, Bicol Region, Panay, and Samar.

[Defense Secretary Renato De Villa, in English] Well, the situation is such that there are areas wherein the PNP will be severely undermanned and it is important that we preserve the game.

[Santa Ana] Interior Secretary Rafael Alunan said that they are ready to take on the new job but they need additional funds.

[Alunan, in English] We will have to work it out with the Armed Forces, through the president, how some of their financial resources can be transferred to the Philippine National Police to support our counter-insurgency campaigns.

[Santa Ana] Mr. Ramos announced that the modernization of the defense of the Armed Forces of the Philippines can now be implemented; but some officials admitted that the fund of the modernization program may be reduced because there are several projects that need funds more, like the GATT-adjustment program and infrastructure projects.

David Jude Santa Ana, GMA News, Camp Aguinaldo. [end recording]

#### **Death Toll Reaches 40 in Battle With MILF**

*BK2112143594 Quezon City PTV-4 Television Network in Tagalog 1000 GMT 21 Dec 94*

[Italicized passages spoken in English]

[FBIS Translated Text] The death toll in the continuing battle between the government troops and a group of Moro Islamic Liberation Front [MILF] rebels in North Cotabato has reached 40. According to the latest report received by Arturo Enrile, Armed Forces of the Philippines chief, there are 18 casualties from the police and military side, while there are 22 from the rebels side. It was also reported that eight soldiers were seriously injured and three more are missing.

Those injured were identified as First Lieutenant Benedicto Felicia, Private First Class [PFC] Daniel Florentino, Corporal Rustico de la Pena, Corporal Enrique Cabatania, PFC Mario Aynaga, PFC Celso Salazar, PFC Joel Cobrador, and Carlos Campolio.

Defense Secretary Renato de Villa ordered that additional troops be sent to Pikit, North Cotabato where the encounter erupted. De Villa said the spread of violence



in neighboring provinces should be contained. The report also mentioned that a certain Commander Jack is heading some 500 MILF lost command members.

[Begin Enrile recording, in progress] ...by some lawless elements. These are the ones who were killing people, burning houses. And considering that we cannot allow these to happen, we have to operate against these people. These are police operations. However, in the process of operating against these forces, let's say in Village (?Putig) and the other village—I forgot the name, Taleonan or something, no, no, it's a village—the MILF reinforced the lawless elements. [end recording]

### **National Democratic Front Announces Cease-Fire**

*BK2212021094 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 21 Dec 94*

[FBIS Translated Text] The National Democratic Front will implement its own cease-fire from midnight on 23 December until midnight on 25 December and from midnight on 30 December until midnight on 1 January 1995. The Communist Party of the Philippines has already ordered all New People's Army units to refrain from launching any attack or firing any shots during the cease-fire. This is the response by the communist rebels to the cease-fire declared by the government in honor of the Christmas celebrations.

## **Thailand**

### **PRC-U.S. Seen 'Squabbling' Over WTO Entry**

*BK2212073694 Bangkok BANGKOK POST in English 22 Dec 94 p 4*

[Editorial: "China-U.S. squabble bodes ill for birth of the WTO"]

[FBIS Transcribed Text] When the General Agreement on Tariffs and Trade (GATT) is transformed into the World Trade Organisation (WTO) on January 1, China will not be among the founding members. Although China and the United States blame each other for the failure of their talks in Geneva, the exclusion of a nation of 1.2 billion people is a sad and inauspicious beginning for the new world trade body.

It is true that China should improve market access for foreign goods and services, but reluctance to lift or ease trade barriers exists far beyond that country's borders. In Europe, for example, there appears to be widespread apathy over the issue of free trade and the debut of the World Trade Organisation. Governments have been slow to ratify the accord setting it up. Political integration is a far hotter topic there than moves towards free trade, even though the lifting or substantial easing of trade barriers and the subsequent enormous increase in international commerce would bring lasting benefit to millions throughout the world.

While politicians tinker with their national economies to impress small but vociferous sections of their voters, the industrial world is hemmed in by the dangers of protectionism. Recession cannot be cured by tinkering, and lasting improvement in economic conditions can only come from international cooperation on a global scale. This is the only way to eliminate the boom and bust cycles which generate recession.

The European single market means free trade within Europe. The European Economic Area extended it to other western European countries in advance of their integration into the European Union. But the European single market will not do the world much good as long as it surrounds itself with a wall of protectionism. Much play is made of the four freedoms of movement—of persons, goods, services and capital—but there is little mention of the fact that these will be established within these countries only, to the exclusion of the wider world.

The creation of the World Trade Organisation is the next step along the road to wider freedom and prosperity. But that road is still long and potholed with the end not yet in sight. Much more is needed. The world is in danger of being divided up into economic blocs turned inwards, instead of outwards, their plans for prosperity based on preventing the prosperity of others.

Protectionism is a natural and understandable reaction, but one which must be overcome because it is short-sighted and ultimately self-defeating. In fact, many of the world's problems can be traced back to this kind of short-term thinking, or "short-termism" in current political jargon, on the part of governments. Unfortunately, the tendency to react to events on a daily basis rather than to shape policy and put forward a cogent view of the future is increasing. It is always easier to take a populist approach and react to the immediate needs of the present without considering the effect such actions may have in the future. It is a problem endemic to democracy, where politicians are conditioned to trying to win the next election as soon as they have won the one before. But democracy also contains another important aspect, which is often forgotten or even considered to be heresy: the idea, which should be shared by all politicians, that if the next elections are lost it does not really matter, and in any case after a period of a few years, someone else ought to be given a chance.

Short-termism in this sense is not only a matter of letting the immediate future look after itself. It is also a matter of neglecting the needs of future generations: both those just learning to walk and those as yet unborn. It is for them that we must, for example, safeguard the environment, prevent further depletion of the ozone layer and take all decisions necessary to see that pollution is brought under control. The same applies to free trade and is why the Uruguay Round and World Trade Organisation it has given birth to is so important.

Now that the question of its new members is finally settled, the European Union will perhaps be able to turn



its attention to the matter of its own barriers against the outside world. The Maastricht Treaty has had almost the exclusive attention of Brussels for half a decade. The Uruguay Round almost failed because of the deep reluctance of the French to compromise. But that is history. What is important now is ensuring that the World Trade Organisation proves a worthy successor to GATT and is given every chance to meet the high expectations placed in it.

The European Commission can begin reforming its own institutions and sharing its single market with others. Washington and Beijing can work towards placing the global interest ahead of narrow self-interest. In short, the spirit and sense of purpose that finally prevailed and inspired the creation of the World Trade Organisation must be kept alive. There must be no recurrence of the ugly and selfish squabbling which dominated the years of discussion on the Uruguay Round.

#### **Expected SRV Integration Into ASEAN Hailed**

*BK2212102694 Bangkok BANGKOK POST in English  
22 Dec 94 p 6*

[FBIS Transcribed Text] Thailand welcomes Vietnam's forthcoming integration into the Association of South-east Asian Nations as a first step towards making ASEAN a 10-nation regional grouping. Deputy Foreign Minister Surin Phitsuwan said yesterday.

"All (current) ASEAN member states agree that all 10 countries of Southeast Asia should become members," Mr Surin said.

Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand are members of the association, which was set up in Bangkok in 1967.

The incorporation of Vietnam, Laos, Cambodia and Burma would conform with the wishes of ASEAN's founding fathers, Mr Surin added.

The minister made the remarks at the opening of a seminar on investment opportunities in Vietnam that brought together Thai businessmen and senior Vietnamese officials.

Vietnam formally applied to join ASEAN in October, and is expected to be admitted in July next year when the grouping's foreign ministers meet in Brunei.

Laos holds observer status with ASEAN, Cambodia asked to be considered for this status in October, and Burma is to be invited to the meeting of foreign ministers in Brunei (this would be Burma's second appearance at an ASEAN gathering after coming to Bangkok in July this year for a similar event).

Mr Surin said Thailand and other ASEAN states eagerly await Vietnam's membership.

The opening up of Vietnam's economy, its manpower and its natural resources promise economic opportunities for every country in the region.

Relations between Thailand and Vietnam have improved since the visit to Vietnam in March this year of Prime Minister Chuan Likphai, Mr Surin said.

But Thailand currently ranks 12th in the line-up of foreign investments in Vietnam. The estimated US\$183 million Thais have invested in Vietnam is "very little for a neighbouring country," he added.

The minister expressed hope that Vietnamese officials attending the seminar would assess the views and complaints expressed by Thai businessmen and consider ways of encouraging more Thai activities in Vietnam.

He hoped that the businessmen would obtain information that would convince them to engage in more trade and investments in Vietnam.

Vietnamese participants in the seminar included Eng Hoang Ha of the State Committee for Cooperation and Investment (SCCI), and Nguyen Van Hung of the Cooperation and Investment Committee (CIC) of Ho Chi Minh City [personal names as published].

#### **Burmese Border Villages Prepared for Evacuation**

*BK2212103094 Bangkok BANGKOK POST in English  
22 Dec 94 p 10*

[FBIS Transcribed Text] Preparations have been made for the evacuation of some 1,600 border villagers after Burmese government troops shelled the Karen National Union's Kawmura camp yesterday.

The people of Mae Pa Huai Kalok and Pak Huai Mae Pa villages, which are 23 kilometres from the border could be in danger, Mae Sot district officer Kasem Waththatham said.

A new site about 10 kilometres from the border has been prepared and the villagers will be evacuated if fighting continues. They will be provided with food and drinking water there.

The people of 15 other villages have been warned not to cross the border into Burma. A 24-hour tight security has been imposed for the area around the villages.

The Third Army Region has sent a 105mm artillery piece to Wang Kaeo village, across the border from Kawmura camp. Warning shots will be fired if there is an intrusion into Thailand.

Border Patrol Police reported that some 1,000 Burmese government soldiers pounded Kawmura camp with about 200 rounds of artillery shells. Four Burmese government soldiers were killed.

Burmese government troops have recruited more porters from border villages to transport arms and ammunition to the fighting zone and they may resort to crossing the border into Thailand in order to attack the camp from behind, sources say.



Thai border officials arrested four Burmese porters yesterday morning. They sent them back in the afternoon through a safe channel.

**\* Prasong on Sin Song, Trade With Khmer Rouge**

95SE0041A Bangkok SIAM RAT SAPDA WICHAN in Thai 27 Nov-3 Dec 94 pp 6, 7

[Interview with former Foreign Minister Prasong Sun-siri, date and place not given]

[FBIS Translated Excerpt] [Passage omitted] [SIAM RAT SAPDA WICHAN] What will be the outcome of the matter concerning General Sin Song?

[Prasong] In my view, General Sin Song will probably have to stay in Thailand. How will we solve this problem? Actually, we don't want to let him stay here. But if we send him back to Cambodia, other countries and even some Thais will criticize us for doing that. It's unlikely that we can send him to a third country, because no other country will accept him. People have to understand that the present Cambodian government is an elected government, and other countries invested money to help bring about that election.

Thus, no one wants to help someone who tried to overthrow the government that they helped elect. Because of this, it will be very difficult for him to go to a third country. It will be very difficult for him to find a country to go to in the near future. That leaves him only one choice, which is to stay here.

The Cambodians have asked that he be returned to Cambodia. We have said that we are waiting for a decision on what type of case this is. Some Cambodians have said that it is a criminal case, because the plan was to assassinate the prime minister. But the plan to assassinate the prime minister stemmed from politics, right? That is, a coup is a political matter. The goal is to topple the government. Whenever people stage a coup, people are killed. Thus, I feel that politics is the cause of this problem, and because of that, it will be difficult to send him back to Cambodia. I don't think the government will do that. It would rather send him to a third country. It doesn't want him to stay here. But I think that this general will end up staying in Thailand. His status here will be that of a person waiting to be sent to a third country. But there is no guarantee that another country will accept him.

We must reach an understanding with the Cambodian Government as to why we are handling of the matter of General Sin Song like this. The Cambodian Government does not understand, and it is suspicious of certain Thais or certain Thai officials. It thinks that some people here were involved in the attempted coup. They have asked permission to question certain Thais.

The Thai Government has formed a committee to investigate this matter. The government must take quick action on this and learn what really happened. If people

did commit a crime, they must be punished. In my view, doing things this way will help improve relations between Thailand and Cambodia. Because today, relations between our two countries have deteriorated greatly. [passage omitted]

[SIAM RAT SAPDA WICHAN] You have said that General Sin Song will probably have to remain in Thailand. Thus, relations between Thailand and Cambodia will probably remain cool. At the same time, the international community will probably take a dim view of Thailand. Thus, Thailand will be "under fire" from both sides.

[Prasong] We have to speak the truth. That is, the Thai Government was not involved. But simply speaking the truth and saying that we were not involved doesn't carry much weight. That is why I have said that we must investigate this and reveal the facts. If someone urged him to come here or helped him and they committed a crime, they must be punished. They must see this. If all we do is talk without taking any action, no one will believe us. Our statements won't carry any weight. We can hold direct talks with the Cambodians in Phnom Penh after we have obtained all the facts and taken action, which will show that we are being straightforward. That's better than doing nothing. People in general don't understand, and Cambodians certainly don't understand.

[SIAM RAT SAPDA WICHAN] The West usually looks at Thailand in a negative way when it comes to the Khmer Rouge. What is your view of this?

[Prasong] Westerners live far away. They think that because the Khmer Rouge has been able to survive, it must be receiving support from someone. They don't understand the terrain there and don't realize that the Khmer Rouge is able to survive on its own. I think that they have a biased viewpoint. They helped elect the present government. The present Cambodian Government is being shaken by the Khmer Rouge and can't suppress them. As it happens, the Khmer Rouge is based along the Thai border. Thus, they think that Thais are helping the Khmer Rouge or supporting them economically, because the Khmer Rouge earns revenues from trading with Thais. Actually, it's very distressing that outsiders who live far away aren't trying to understand what is actually happening. All they do is raise old issues and talk about the atrocities committed by the Khmer Rouge in the past. It's similar to the Nazis or Hitler. Today, those people are a thing of the past.

[SIAM RAT SAPDA WICHAN] But in the modern world of information, doesn't the West know what the facts are?

[Prasong] As for contact with the Khmer Rouge, I think that people here continue to trade with people on the other side of the border. I believe that that is the case. That is, people are trading with each other. Those people don't know whether they are dealing with the Khmer



Rouge, the White Khmer, or some other Cambodian faction. All they are interested in is trading with them.

[SIAM RAT SAPDA WICHAN] Then that is at the village level.

[Prasong] That's right. We can't prohibit them from doing that. They are just trying to make a living. But I can tell you that there is no contact as far as the government or military is concerned.

What do we want in Cambodia? We supported the election. We want them to reach a compromise. We have sent soldiers and officials to help develop things there. We don't stand to gain in any way by supporting the Khmer Rouge. There is no benefit at all to that.

### **Chuan Discusses Domestic Political Situation**

*BK2112142894 Bangkok THE NATION in English  
21 Dec 94 p A 2*

[“Excerpt” of interview with Prime Minister Chuan Likphai by Editor-in-Chief Sutthichai Yun in Bangkok; date not given]

[FBIS Transcribed Excerpt] [passage omitted on traffic problems]

[Sutthichai] Does the government expect to stay in office for the full four-year term? The government now controls a majority in Parliament. What is the next thing to do?

[Chuan] Each job needs to be carried out continuously, including the economy. However, we can't fix the time-frame for some issues because [permanent] officials sometimes can't respond to [Cabinet members'] directives on time.

[Sutthichai] The public hopes that the prime minister will handle the sports complex [for athletes of the 1998 Asian Games in Bangkok] himself. What will the premier do?

[Chuan] We have four years left and I think it will be finished in time if there are no changes at this moment. The government should be careful or there will be problems later. I told Deputy Prime Minister Banyat [Banthatthan] to be discreet. The government now may face criticism, but the public will at last know that the government is right. There are many proposals, but some would affect traffic. [passage omitted on sports complex]

[Sutthichai] Have you changed during the past two years?

[Chuan] It is hard for me to change because I'm an old man and have long been a House representative. My life is up to reality. I always think that I'm here for just a short period of time. So, I don't try to change my life as that might result in problems.

[Sutthichai] How has the country changed?

[Chuan] I can make a better conclusion if I don't hold this position any longer.

[Sutthichai] What is the most tiresome aspect of being the prime minister?

[Chuan] Being the coalition government.

[Sutthichai] What kinds of problems among coalition partners will the Democrat's secretary-general report to you?

[Chuan] We see each other every day. There are no secrets among us.

[Sutthichai] Is it true that the opposition is not strong enough to overthrow the government?

[Chuan] Don't underestimate the opposition's role. I think the opposition's duty is to monitor the government's performance.

[Sutthichai] Are you satisfied with the military's role in politics during the past two years?

[Chuan] Yes, I am.

[Sutthichai] Do you think the military has been playing its proper role?

[Chuan] The military has carried out its duty as government officials well. They concentrate on their duty and stay clear of politics and never cause us trouble.

[Sutthichai] Do you often talk to the top brass of the three armed forces? Compared with former prime minister Prem Tinsulanon, you have less of a relationship with the military, don't you?

[Chuan] I agree because I have never had informal meetings with the military leaders over lunch or dinner during the past two years. I cannot compare with Gen Prem because I have never been a military commander. I treat military officials as I do civil servants because I think both are equally important, but simply practising different roles.

[Sutthichai] Where do you think undemocratic elements will arise from?

[Chuan] I am not afraid now but I don't want to leave any loophole, especially corruption in politics. I won't allow such loopholes to occur for anyone to cite as a condition to prove that elections would lead to corruption. I would like to prove that an elected government is clean and efficient and can bring success to the country.

[Sutthichai] The government has failed to push through its versions of charter amendments apparently because you don't have a close relationship with senators.

[Chuan] That is partly true. But it was what I intended to do. I think if senators still exist, we need to respect their decisions. However, senators need to make themselves useful as a body for scrutinizing new legislation, not as somebody's tool or else they will be criticized. Before I



became prime minister, I asked myself whether senators were still needed and I said 'yes'. Asked whether senators should come from election or appointment, I said we must consider their role and responsibility. If their responsibility is to scrutinize legislation, it's OK to have them appointed.

The government has not treated senators dictatorially, but we respect their decisions.

[Sutthichai] Some viewed recent political situations as being caused by senators who were 1991 coup makers. They said the senators' term is going to expire in two years so the former coup makers want to preempt the prime minister from ridding them of power.

[Chuan] There are grounds for this thinking. I heard from some senators that they [the former coup makers] fear that I will not renominate them for royal appointment as senators. They are too worried. I have criteria for choosing senators and I will choose good people. Don't worry.

[Sutthichai] Should we treat the fear of the old power clique restoring its might seriously?

[Chuan] The people should not fear. As long as we are still the government, we will not leave any chance for this to take place.

[Sutthichai] How confident are you of keeping and preserving democracy?

[Chuan] I am confident. With cooperation from all sides, including the military, coalition partners and all political parties, democracy will continue, though not very smoothly.

[Sutthichai] Will the government survive its four-year term?

[Chuan] Nobody can tell. I am satisfied enough to have survived two years. I have proved to the public that an elected government can preserve democracy.

### **Editorial Says Thaksin Unqualified for Post**

*BK2112145094 Bangkok NAO NA in Thai 21 Dec 94  
p 2*

[Editorial: "Politics Is Not for Experimentation"]

[FBIS Translated Text] The government will open the parliamentary extraordinary session on 5 January 1995 to vote on the third reading of the Constitution Amendment Bill. It is anticipated that the draft legislation will sail through the National Assembly without the change of any clause. Once the new Constitution becomes effective, the first problem that will arise is that Foreign Minister Police Lieutenant Colonel Thaksin Chinnawat will be automatically out of a job because his presence in the Cabinet is in contravention of Article 166 of the new Constitution.

Article 166 does not allow Cabinet ministers to receive or hold concessions from the state or state agencies and enterprises, or be a party in concession contracts with the state or state agencies and enterprises either directly or indirectly.

Pol. Lt. Col. Thaksin Chinnawat is the major shareholder of Chinnawat Computer Company, which has received a 30-year telecommunications concession from the state. Although he has resigned from the post of company chairman, he is still the major shareholder and his wife, also a shareholder, is a member of the company's board of directors. Husband and wife are bound together by law when either party engages in any legal activities. Since Pol. Lt. Col. Thaksin Chinnawat has not yet separated himself from the company, his Cabinet portfolio will be nullified. A replacement will have to be found, which will take valuable time.

The scenario reveals the fact that the executives of the Phalang Tham Party under the leadership of Major General Chamlong Simuang have been careless and clumsy enough to let this sort of problem occur. Mrs. Sudarat Keyuraphan, secretary general of Phalang Tham Party and deputy communications minister, even said that regardless of the new Constitution, Pol. Lt. Col. Thaksin Chinnawat still has plenty of time to do his job. Even after the promulgation of the new Constitution, someone must file a complaint against the foreign minister, and then the Constitutional Tribunal will be requested to deliberate the case. She said the whole process will take months and added that there is no need for Pol. Lt. Col. Thaksin Chinnawat to resign hastily.

Such a statement reflects the ill intention and lack of sense of responsibility and ethics on part of the party secretary general. She is trying to exploit a loophole in the law for the benefit of herself and her colleagues. This is something that a decent politician would never do.

We urge Pol. Lt. Col. Thaksin Chinnawat to quickly submit his resignation, because his continued performance of duty will not benefit the operation of the Ministry of Foreign Affairs. Moreover, it will expose his irrational attempt to cling to the post until the last minute.

We sympathize with Pol. Lt. Col. Thaksin Chinnawat. However, we disagree with him when he said, "My departure will not disrupt the ministry's work. I believe that my successor can continue the work. Whoever is ready should enter politics. It is exciting."

Politics is not something to suit anyone's quest for excitement or an arena for anyone to show off his or her competence. Politics affects national interests. If politicians enter politics just for excitement and fun or to test their competence, the country will suffer. The party that invited such a person to join the government must be held responsible for the adverse consequences.



**\* Assistant Army Chief on Politics, Cambodia**

95SE0013A Bangkok NAEON in Thai 10 Oct 94 p 8

[“Exclusive” interview with General Chettha Thanacharo, assistant army commander, date and place not given]

[FBIS Translated Excerpt] “The armed forces will not conduct another coup d’etat because that is a sin which stays with you your whole life.” These were the certain words of the soldier who has been named the latest heir to the RTA.

General Chettha Thanacharo, the assistant RTA commander from Royal Military Academy class 9, is the only one from his class who has been prominent in the RTA. Those in his class and many in other classes have watched his progress in the armed forces with amazement because he reached this level in just 7 years of military service starting as a major general and commander of the 11th Infantry Division (Chachoengsao Province) in 1987.

The next year he rose to Commander of the 6th Infantry Division (Roi Et Province). The third year he rose to deputy 1st Army Region commander. The fourth year he became a lieutenant general and commander of the 2nd Army (Nakhon Ratchasima Province). The fifth year he became 1st Army Region commander controlling the most important forces for any coup d’etat. And finally in the seventh year he jumped up to the rank of general as assistant RTA commander and one of the five RTA tigers.

In addition he still has five years of service left while the four other generals who are RTA tigers are from Royal Military Academy class 5 and have only two years of service left before they retire. This means that in October 1996 the famous Royal Military Academy class 5 will be finished, and the RTA will change a great deal.

So General Chettha Thanacharo, the assistant RTA commander, has been given the new designation of heir to the RTA. Today I came to listen to his views about the armed forces, politics and foreign affairs in order to get to know the armed forces better in this era of democracy. [passage omitted]

[NAEO NA] What about all the talk that the Armed Forces would like to have a coup d’etat. How do you feel about this?

[Chettha] There is nothing to it. I insist that the Armed Forces will not engage in another coup d’etat. If we had another coup d’etat how could our country progress? Whatever we in the armed forces do, we have to think of the country. If we did something without thinking of the country, it would be a sin which would mark our entire lives. In this era we will not get involved in politics. This is very clear. Look at General Wimon Wongwanit, the RTA commander; he insists on continuous military

operations, and we in the Armed Forces follow his orders. So this should end these concerns.

[NAEO NA] What about the situation now? Most people consider that armed conflict is over now and that the future trend is for there to be vigorous economic competition and that the Armed Forces should reduce their role and force level. What do you think?

[Chettha] That is the big picture in the future. I accept that as reality. I am one who likes to act in accord with the natural order. Everything evolves and changes. Now we are in an economic boom with vigorous economic competition.

But I would like to warn that the going will not be smooth, and there will continue to be real conflicts in this world. There are conflicts all the time. Do you believe that it will always be peaceful everywhere? I think that fierce economic competition will someday lead to conflict such as seizing resources and so on.

Therefore we cannot be negligent with regard to the Armed Forces. We must be always be ready. We must prepare ourselves very well. I would like to say that we should not forget ourselves in the peace we have now. It may be an illusion. I will definitely not be negligent and neither will the Armed Forces.

[NAEO NA] In the past the Armed Forces have tried to help the people in many ways, for example with the fire in the Khlong Toei slum and the floods in various places. I would like to know if today the image of the Armed Forces has recovered from the cruel events of May.

[Chettha] Please excuse me regarding this question. I cannot answer for the people. We in the Armed Forces hold to the principle of “not evaluating ourselves”. But in any case the RTA commander in chief has always warned and instructed us to work for the people and one day the people will understand the Armed Forces better because the Armed Forces are the children of the people.

In helping the people, the Armed Forces are not hoping to improve their image at all. We are just hoping to help the people while doing our duty. Today we in the Armed Forces insist on performing our duties very well; we must be brave, imposing, disciplined, and polite.

I beg to inform the National Police Department, which is now encountering difficulties, that I myself have never considered the image of this or that organization to be bad. I am confident that any group or society can survive because it has more good people than bad people. Therefore we should not let a small proportion destroy or hurt the image of a whole group such as the National Police Department.

I want everyone to be content. We still have more good people than bad people. Society in general always must have good people and bad people. This is reality and the natural order. In the words of the King: “Let the good administer the country.” Then our society will be at peace. [passage omitted]



[NAEO NA] How can the Armed Forces develop and help society in this time of peace?

[Chettha] The Armed Forces are ready to help with development including building roads, digging wells, and working in distant, rugged areas which other units cannot reach. We are also ready to help with any emergencies. We have the tools, which were paid for from the people's taxes, and so we must help the people. The Armed Forces are always ready.

[NAEO NA] If the Armed Forces help with development, what policy do you have for soldiers who act on their own and create problems for the villagers?

[Chettha] Soldiers who act on their own must all be put back in line because soldiers must have discipline. If someone is not disciplined, he must be given discipline. If this cannot be done, then they must be punished. There are regulations.

[NAEO NA] What about the case of the soldiers who acted on their own as hired gunmen with the support of officers? As a former commander of the 11th Infantry Division in Chachoengsao Province, did you receive any complaints of this?

[Chettha] I know something about this because the commander there reported it. A commission was established to investigate and find out everything about those involved because the losses caused problems for the villagers. According to our principles if an investigation finds that someone has done wrong, then he must be punished.

[NAEO NA] Is it true that the relatives of those in question, the three non-commissioned officers who disappeared six months ago, complained to the camp commander that a major in the camp was involved in the disappearance of the soldiers who had acted on their own?

[Chettha] I do not know all the details about that. Relatives of those in question did give evidence. But discussions of a criminal case must be based on the evidence of the investigating officials. In any case I insist that "those involved must definitely be disciplined." We will not let this matter be forgotten. Those who did wrong must be punished according to our country's laws no matter whether they are soldiers or civilians. When a crime has been committed, they are treated the same according to the law.

[NAEO NA] How will you deal with the behavior of the soldiers in some areas who hire out their subordinates as gunmen who shoot people and then flee back to their camps so that the police are not able to arrest them?

[Chettha] I do not know the details of what happened. If it actually happened like that, the commanders of those units must prevent our soldiers from engaging in any such activities. If any are found who have done such things, they will definitely be punished. The people can

rest assured that soldiers acting on their own like this will be eliminated. We in the armed forces must be honorable, brave gentlemen and adhere to the principles of the RTA commander in chief—they provide a good guide. We will not allow incidents like this to occur.

[NAEO NA] I would like to ask about our policy for the border, especially with Cambodia, where we have been accused by the international community of supporting the Khmer Rouge. What is your view on this as one who has been responsible for the border problem.

[Chettha] I think that in this regard the Armed Forces and the Foreign Ministry must explain the reasons for the government's policy. The policy of the Armed Forces is this: there is no reason for us to help anyone else or the Khmer Rouge. I think the charges have not been specific. The media must help with this. Our policy regarding the border is clear.

[NAEO NA] Are we not accused a great deal because our foreign policy is not clear?

[Chettha] I say that is not true. We explained it, and we could not be put on the spot. When they questioned us or doubted us, the foreign minister, Lt. Com. Prasong Sunsiri, explained it correctly.

I think that deep down it is more a matter of using this to take advantage economically or in business, regardless that closing the border and not allowing logs in caused great losses for our merchants even though they had operated correctly and had not stolen anything. What has happened is an indication that the reason for this is related to business—they see that Thailand plays a big role and is close to its neighbors, and so they reduce these relations.

[NAEO NA] Do the countries which accuse Thailand want other countries to come in and help invest?

[Chettha] That is probably the case. It is normal for business. They have to compete.

[NAEO NA] Has this affected Thai merchants?

[Chettha] I agreed to the logging in Cambodia. I was one of the ones who thought of it. I wanted Thai merchants to go in and log but not to take the wood illegally. They had to obtain a concession. I permitted this to allow the battlefield to become a trade area for the benefit of the Thai people who were able to get good wood at a low price. This also preserved our own resources. Even though everyone knows that going in to get timber means death, I am standing up for the common good because if we close this off, our own forests will be cut. So let our merchants cut over there where there is an enormous amount. The armed forces will provide security but only under the condition that it is done legally.

[NAEO NA] Does this indicate that our foreign policy is not successful?



[Chettha] I would say that our government and foreign ministry have done very well, and this is the reason that the international community is suspicious of us and cannot listen to our reasons.

[NAEO NA] Our foreign policy is not as outstanding as it was under the Chatchai government is it?

[Chettha] I would say that the situation has changed. The tempo has changed, and the environment has changed. In the past no other countries were involved with our neighbors. But now other countries have seen the great resources left, and this has caused more interference. There is more competition. This is why they view us this way even though our policy has always been clear.

[NAEO NA] How is the problem of the disagreement over the Thai-Cambodian border?

[Chettha] There have been no problems; we have a good understanding. There might be some disagreement in some areas where it is difficult to apportion the land, for example the border in Sakeo Province runs through rice fields. I went there every day when I was commander of the Burapha unit and I am still not sure where the border is. This is the problem. [passage omitted]

#### Biography

General Chettha Thanacharo Born: 23 August 1938 in Chachoengsao Province Address: No. 43 Prachachun Lane 12, Prachaniwet Street, Route 1, Bangsue, Bangkok

Education: The Benchamaratcharangsarit School, sixth grade of secondary school, 1954 Officer Training School, second year (NTN. 16) Royal Military Academy, five years, (class 9)

1962 Provisional Sub-Lieutenant (Infantry) 1978 Commander of the Royal Pages, 1st Infantry Regiment, RTA 1980 Deputy Commander 1st Infantry Regiment, Royal Pages, RTA 1981 Chief of Staff, 2nd Infantry Division 1984 Deputy Commander, 2nd Infantry Division 1986 Deputy Commander, 9th Infantry Division 1987 Commander, 11th Infantry Division (Chachoengsao) 1988 Commander, 6th Infantry Division (Roi Et) 1990 Deputy Commander, 1st Army Region 1991 Commander, 2nd Army Region (Korat) 1992 Commander, 1st Army Region

#### Special Service

1974 Royal Guard, on duty 1976 Member of the Assembly for Reforming the Administration 1977 Member of the National Assembly 1979 Member of the Senate 1989 Member of the Senate 1989 Royal Guard, on duty 1993 Special Officer for the 21st Infantry Regiment, Royal Pages, RTA

#### Central Bank Estimates Stable Growth for 1995

BK2212123194 Bangkok PRACHACHAT THURAKIT in Thai 22 Dec 94 pp 1, 6

[FBIS Translated Excerpt] Wichit Suphinit, governor of the Bank of Thailand, told a news conference on 21

December that the country's economic growth in 1995 will keep pace with that of 1994.

The 1995 growth rate is estimated at 8.5 percent, which is about the same as that of 1994. Such growth corresponds with the criteria that has, to a certain level, successfully maintained the country's economic stability.

Thailand's economic growth rate next year will rank fourth among countries in Asia. It will only be after China, Singapore, and Malaysia.

The inflation rate is estimated at 4.8 percent, which is lower than this year's rate, due to the trend of prices of agricultural products and goods in the international market. The current account deficit is predicted at 5.8 percent, resulting from the influx of investment goods and the greater outflow of capital for investment in other countries.

Wichit noted that there are several factors conducive to continued economic growth next year. One is that the international economy is expected to improve next year. This would result in the considerable expansion of world trade volume, which would increase by about 3.6 percent compared with the 3.1 percent of 1994. This would help the total Thai export volume to expand by about 16.5 percent.

At the same time, Thailand's total import volume would increase by 15.4 percent. The trade expansion rate is predicted to lower from 7.2 percent in 1994 to 6.0 percent in 1995.

The emerging World Trade Organization [WTO], aimed at liberalizing international trade, is another factor that helps the economy to grow more steadily.

The price of oil that Thailand imports from Oman will be about U.S. \$15.67 a barrel compared with \$15.14 a barrel this year. This will not affect the inflation rate much.

Internal factors will still be the determinants of economic growth. Next year agricultural expansion is expected to continue at about 9.2 percent, nearly the same rate as this year. There also are incentives from the government for investment. These include the policy of investment promotion upcountry, and the policy of restructuring custom tariffs.

Imports of spare parts and raw materials in compliance with the trade agreements such as GATT [General Agreement of Tariffs and Trade] and AFTA [ASEAN Free Trade Area] will stimulate investment by both the private and public sectors to grow by 10.5 percent against 8 percent this year.

The adjustment of salaries for civil servants and state enterprise employees will cause spending and saving rates to rise by about 8.2 percent against 8.5 percent this year.



The confidence of the private sector in the Thai economy, which has grown steadily on a firm foundation and with export potential, will help boost the economic situation and attract investment from other countries. [passage omitted]

#### **Government Seeks To Stem High-Tech 'Brain Drain'**

*BK2212073994 Bangkok Radio Thailand Network in English 0000 GMT 22 Dec 94*

[FBIS Transcribed Text] The government will next year target overseas Thai information technology and computer experts in its ongoing efforts to reverse the 'brain drain' problem. This is a part of the many activities to mark Thailand's Information Technology Year in 1995.

Director of the project Professor Khamchat Mongkhonkun explains that the overseas Thais will be invited to numerous seminars staged throughout the year in order to analyze and improve the state of Thai information technology. Local academics will also have a chance to learn of the latest advantages and apply them in linking up even the remotest part of the country. Prof. Khamchat explains that information technology includes not only computer but also communications network.

The reverse brain drain project is entering its fifth year.

### **Vietnam**

#### **Vo Van Kiet Receives Russian Minister 21 Dec**

*BK2212054094 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 21 Dec 94*

[FBIS Translated Text] Prime Minister Vo Van Kiet cordially received at the government office on the afternoon of 21 December Mr. (Petrovich Ogurtsov), minister and chairman of the Mechanical Engineering Committee of the Russian Federation, and other members of the Russian Federation Government delegation now in Vietnam to attend the inaugural ceremony of the Hoa Binh hydroelectric power plant.

Prime Minister Vo Van Kiet warmly welcomed Minister (Petrovich Ogurtsov) and other members of the Russian Federation government delegation now in Vietnam to attend the inaugural ceremony of the Hoa Binh hydroelectric power plant, a large project that is a result of the friendly and cooperative relations between Vietnam and the former Soviet Union and between Vietnam and the present Russian Federation.

On behalf of the government and people of Vietnam, the prime minister affirmed that: The government and people of Vietnam have always attached importance to both the traditional friendly and cooperative relations

and the mutual trust and assistance between Vietnam and the Russian Federation, and will strive to do their utmost to promote them—as they did in the past with the former Soviet Union—for the sake of each country's prosperity and in the interests of peace, cooperation, and development in the world.

#### **Radio Reviews SRV-ROK Diplomatic, Trade Ties**

*BK2212105394 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 22 Dec 94*

[Article by station editor]

[FBIS Translated Text] Diplomatic relations between our country and the Republic of Korea [ROK] were established not long ago, only in December 1992. Generally speaking, the friendly and cooperative ties between the two countries have developed quickly, especially in terms of trade and direct investment. Prime Minister Vo Van Kiet's official visit to the ROK in May 1993 and the first visit to our country by South Korean Prime Minister Yi Yong-tok from 29-31 August 1994 are clear indications of good bilateral cooperation. Moreover, there was an exchange of visits by the foreign ministers and other high-ranking officials of the two countries. The objective of these visits was to exchange views and discuss orientations and measures to promote bilateral relations. The two countries signed agreements on investment promotion and protection, on trade, and on civil aviation. An inter-governmental committee for economic, scientific, and technological cooperation was also set up.

So far, Vietnam and the ROK have made relatively quick progress in improving bilateral ties, especially in economic cooperation. The Vietnam-ROK trade index is increasing. The two-way trade turnover between the two countries was \$200 million in 1992. It reached \$819 million in 1993. It is expected that in 1994, it will reach \$1.5 billion. The ROK ranks third on the list of Vietnam's major partners, following Japan and Singapore, and also third on the list of foreign investors in Vietnam. By July 1994, the ROK has invested in 79 projects in Vietnam with a total investment capital of more than \$760 million. South Korean companies invest mainly in steel, automobile, electronics, textile, garment, chemical, and hotel industries as well as in infrastructure and industrial complexes.

While major foreign firms spent time studying the Vietnamese market, Daewoo, Samsung, Hyundai, Bronco, Lucky Gold Star, and other major South Korean companies initiated important projects and established a firm foothold in the Vietnamese market. Their investment in Vietnam is very diverse because it covers many types and involves different geographical areas and methods. In 1994, the ROK provided Vietnam with an overseas development aid [ODA] valued at \$50 million to build the Thien Tan waterwork in Dong Nai Province



and to upgrade Highway 18 from Chi Linh to Bai Chay. The ROK Government also provided Vietnam with many nonrefundable aid packages valued at approximately \$10 million to cover technological, public health, and education development projects.

Besides efforts to strengthen economic and trade ties, the two countries also stepped up labor cooperation. In 1994, the ROK accepted 2,400 Vietnamese workers and hundreds of Vietnamese on-the-job trainees. Some 1,500 South Korean businessmen are working in Vietnam. The agreement on cultural cooperation signed between

Vietnam and the ROK on the occasion of Prime Minister Yi Yong-tok's Vietnam visit in August last year was an important factor contributing to the quick and comprehensive development of friendship between the two countries. The document will provide the groundwork for improving bilateral ties and mutual understanding a step further.

The strengthening of Vietnamese-South Korean relations will serve not only the interests of each country but, through mutual support, will also contribute to the common cause of security and prosperity for the region and the rest of the world in the future.



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